

As an FYI (this has not been approved yet) but the final CARES Act. May provide six months of payments for all 7(a) borrowers- existing and new which are not deferments but full payments of principal and interest to the lender for which the borrower will NOT have to pay back.

Facts about SBA Disaster Loans:

Lenders can make an interim loan to small businesses to help them until an SBA disaster loan can be processed and if an SBA disaster loan is approved proceeds from the disaster loan can be used to pay off the lender's interim loan. Existing loans not incurred to address needs as a result of the current disaster are not eligible for refinancing with SBA disaster loan proceeds.

SBA Express lenders can use their delegated authority to originate "Express Bridge Loans."
<https://www.sba.gov/document/information-notice-5000-180005-express-bridge-loan-pilot-program-guide>

If a lender grants a payment deferral for an impacted business that will not negatively impact their application (as long as the deferral became necessary as a result of the disaster). If the loan was on deferral prior to the disaster, then the business will need to demonstrate sufficient cash flow to service existing and new debt.

Lenders may unilaterally grant a 6 month payment deferral (limited to 3 months without investor approval if the loan was sold into the secondary market).

If there is delinquent federal debt or a prior loss to the government, the Disaster Office still encourages the business to apply as circumstances may still allow for a disaster loan to be made.

There is no minimum amount for a disaster loan. The maximum disaster loan is \$2 million. If the business currently has a \$5 million SBA loan outstanding, they are still eligible for a disaster loan of up to \$2 million.

There is a credit elsewhere test (although different than standard 7a and 504 loans). The determination will be made based on whether the business has the resources or access to other conventional loans or capital to operate in the disaster situation without an SBA disaster loan.

Eligible applicants include: small businesses, small agricultural cooperatives, small aquaculture enterprises, and private, non-profit organizations. With limited exceptions, agricultural enterprises are not eligible for any SBA disaster loans.

The interest rate is 3.75% for small businesses without credit available elsewhere; businesses with credit available elsewhere are not eligible. The interest rate for non-profits is 2.75%.

Maximum maturity is 30 years and will be determined on a case by case basis based on borrower's ability to repay.

On the website: <https://disasterloan.sba.gov/ela> :

- You can check to see which states have had disaster declarations made (Missouri is not yet listed and I don't have an estimate as to when other than to say SBA will process and post the declaration within 48 hours of receiving from the Governor)
- Apply online for a disaster loan
- Review and complete the forms which will be needed to apply for a disaster loan (under the "loan information" tab)

Once an economic disaster has been declared in Missouri, the SBA will post the declaration as soon as approved then businesses may start submitting SBA disaster loan applications. **Estimated processing time from receipt of application is currently 2-3 weeks.**



Paycheck Protection Program FAQs for Small Businesses

Where can I apply for the Paycheck Protection Program?

You can apply for the Paycheck Protection Program (PPP) at any lending institution that is approved to participate in the program through the existing U.S. Small Business Administration (SBA) 7(a) lending program and additional lenders approved by the Department of Treasury. This could be the bank you already use, or a nearby bank. There are thousands of banks that already participate in the SBA's lending programs, including numerous community banks. You do not have to visit any government institution to apply for the program. You can call your bank or find SBA-approved lenders in your area through SBA's online [Lender Match](#) tool. You can call your local [Small Business Development Center](#) or [Women's Business Center](#) and they will provide free assistance and guide you to lenders.

Who is eligible for the loan?

You are eligible for a loan if you are a small business that employs 500 employees or fewer, or if your business is in an industry that has an [employee-based size standard through SBA](#) that is higher than 500 employees. In addition, if you are a restaurant, hotel, or a business that falls within the North American Industry Classification System (NAICS) code 72, "Accommodation and Food Services," and each of your locations has 500 employees or fewer, you are eligible. Tribal businesses, 501(c)(19) veteran organizations, and 501(c)(3) nonprofits, including religious organizations, will be eligible for the program. Nonprofit organizations are subject to [SBA's affiliation standards](#). Independently owned franchises with under 500 employees, who are approved by SBA, are also eligible. Eligible franchises can be found through [SBA's Franchise Directory](#).

I am an independent contractor or gig economy worker, am I eligible?

Yes. Sole proprietors, independent contractors, gig economy workers, and self-employed individuals are all eligible for the Paycheck Protection Program.

What is the maximum amount I can borrow?

The amount any small business is eligible to borrow is 250 percent of their average monthly payroll expenses, up to a total of \$10 million. This amount is intended to cover 8 weeks of payroll expenses and any additional amounts for making payments towards debt obligations. This 8 week period may be applied to any time frame between February 15, 2020 and June 30, 2020. Seasonal business expenses will be measured using a 12-week period beginning February 15, 2019, or March 1, 2019, whichever the seasonal employer chooses.

How can I use the money such that the loan will be forgiven?

The amount of principal that may be forgiven is equal to the sum of expenses for payroll, and existing interest payments on mortgages, rent payments, leases, and utility service agreements. Payroll costs include employee salaries (up to an annual rate of pay of \$100,000), hourly wages and cash tips, paid sick or medical leave, and group health insurance premiums. If you would like



to use the Paycheck Protection Program for other business-related expenses, like inventory, you can, but that portion of the loan will not be forgiven.

When is the loan forgiven?

The loan is forgiven at the end of the 8-week period after you take out the loan. Borrowers will work with lenders to verify covered expenses and the proper amount of forgiveness.

What is the covered period of the loan?

The covered period during which expenses can be forgiven extends from February 15, 2020 to June 30, 2020. Borrowers can choose which 8 weeks they want to count towards the covered period, which can start as early as February 15, 2020.

How much of my loan will be forgiven?

The purpose of the Paycheck Protection Program is to help you retain your employees, at their current base pay. If you keep all of your employees, the entirety of the loan will be forgiven. If you still lay off employees, the forgiveness will be reduced by the percent decrease in the number of employees. If your total payroll expenses on workers making less than \$100,000 annually decreases by more than 25 percent, loan forgiveness will be reduced by the same amount. If you have already laid off some employees, you can still be forgiven for the full amount of your payroll cost if you rehire your employees by June 30, 2020.

Am I responsible for interest on the forgiven loan amount?

No, if the full principal of the PPP loan is forgiven, the borrower is not responsible for the interest accrued in the 8-week covered period. The remainder of the loan that is not forgiven will operate according to the loan terms agreed upon by you and the lender.

What are the interest rate and terms for the loan amount that is not forgiven?

The terms of the loan not forgiven may differ on a case-by-case basis. However, the maximum terms of the loan feature a 10-year term with interest capped at 4 percent and a 100 percent loan guarantee by the SBA. You will not have to pay any fees on the loan, and collateral requirements and personal guarantees are waived. Loan payments will be deferred for at least six months and up to one year starting at the origination of the loan.

When is the application deadline for the Paycheck Protection Program?

Applicants are eligible to apply for the PPP loan until June 30th, 2020.

I took out a bridge loan through my state, am I eligible to apply for the Paycheck Protection Program?

Yes, you can take out a state bridge loan and are still be eligible for the PPP loan.



If I have applied for, or received an Economic Injury Disaster Loan (EIDL) related to COVID-19 before the Paycheck Protection Program became available, will I be able to refinance into a PPP loan?

Yes. If you received an EIDL loan related to COVID-19 between January 31, 2020 and the date at which the PPP becomes available, you would be able to refinance the EIDL into the PPP for loan forgiveness purposes. However, you may not take out an EIDL and a PPP for the same purposes. Remaining portions of the EIDL, for purposes other than those laid out in loan forgiveness terms for a PPP loan, would remain a loan. If you took advantage of an emergency EIDL grant award of up to \$10,000, that amount would be subtracted from the amount forgiven under PPP.