

Economic Injury Disaster Loan EIDL Loan Advance Paycheck Protection Program



Advisory:

Information is being disseminated as updates are available. Due to ongoing developments, please stay tuned at **SBA.GOV**, SBA Resource Partner and your local lender for most up to date, accurate guidance.

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"Our nation's small businesses are facing an unprecedented economic disruption due to the Coronavirus (COVID-19) outbreak. On Friday, March 27, 2020, the President signed into law the CARES Act, which contains \$376 billion in relief for American workers and small businesses." Source: sba.gov

The Cares Act includes 3 major fund programs tailored to businesses injured by Covid 19

- Economic Injury Disaster Loan (aka EIDL and EIDL-Covid 19)
- EIDL Loan Advance (aka EIDL LA and 10k Grant)
- Paycheck Protection Program (PPP)

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This presentation covers:

- Economic Injury Disaster Loan - Covid 19
- EIDL Loan Advance
- Payroll Protection Plan

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SBA Economic Injury Disaster Loans:

- The SBA helps businesses year-round with business training, guidance, financial assistance and more.
- The **Economic Injury Disaster Loan (EIDL)** is one of several programs available to small U.S. businesses in times of hardship.
- See other disaster assistance programs at [SBA.GOV](https://www.sba.gov)

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EIDL - Covid 19

- A special EIDL program has been created specifically in response to the extra-ordinary hardships caused by Covid 19.
- Typically, EIDL funds can be used to pay fixed expenses such as rent, insurance, salaries, wages, long and short-term liabilities (including payroll) and other bills.
- **EIDL - Covid 19** contains enhance features, including a \$10K advance and extended repayment terms.

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The EIDL – Covid 19



- **ONE Loan Application** is used to apply for two funds: EIDL and EIDL Loan Advance
- The Loan Advance is for **up to** \$10,000 and does not need to be re-paid (also called the “\$10 Grant”)
- The Paycheck Protection Loan (PPP) is not a feature of EIDL. Apply for PPP through participating Banks.

** This item recently adjusted due to high demand*

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The EIDL – Covid 19



- For any small business with less than 500 employees (including sole proprietorships, independent contractors and self-employed persons).
- Private non-profit organization or 501(c)(19) veterans organizations.
- Businesses in certain industries may have more than 500 employees if they meet the [SBA's size standards](#) for those industries.

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The EIDL – Covid 19



Additional guidance for faith-based organizations can be found and downloaded at:
<https://www.sba.gov/sites/default/files/2020-04/SBA%20Faith-Based%20FAQ%20Final.pdf>

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To apply for EIDL and EIDL Loan Advance, visit the SBA. The Application and instructions are at:



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More than 5,000 disaster loans made to date!



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Ways to apply:

1. **Online:** Go to [SBA.gov](https://www.sba.gov) and follow the link at the top of the page to apply
2. **In-person:** Once Disaster Recovery Centers open, SBA staff will be on hand to assist you
3. **By mail:** Download paper forms at: <https://disasterloan.sba.gov/ela/Information/PaperForms>
4. **Call us** at 1-800-659-2955 - Disaster Customer Service

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FAQs

Q: Where/how do I specify the amount of funds that our business needs?

A: Once you submit the EIDL application, the SBA will determine 1) if your business is eligible and 2) the loan amount your business qualifies for.

Q: Can we just apply for the 10K Loan Advance and not the full EIDL Loan?

A: The EIDL Loan Advance requires completion of the EIDL Application. You may decline the EIDL Loan and only choose the Advance if you prefer. Or, you can decline both.

Q: What's the difference between a "Loan Advance" and a "Grant"?

A: In the case of the EIDL-Covid 19, there is no difference. The Loan Advance does not have to be re-paid under any circumstance.

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FAQs

Q: Will our credit impact eligibility?

A: The SBA requires a satisfactory credit history and will use all of the information submitted to in order to make a determination.

Q: How long will we have to repay the loan?

A: 15 to 30 years is the window for repayment; however, specific repayment schedules will be determined on a case-by-case basis.

Q: What's the difference between a "Loan Advance" and a "Grant"?

A: In the case of the EIDL-Covid 19, there is no difference. The Loan Advance does not have to be re-paid under any circumstance.

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LOAN ADVANCE UPDATE(S)

LOAN ADVANCE UPDATE AS OF THURSDAY, 4/9/2020

To ensure that the greatest number of applicants can receive assistance during this challenging time:

- The amount of the Advance will be determined by the number of the small business' pre-disaster (i.e., as of January 31, 2020) employees.
- The Advance will provide \$1,000 per employee up to a maximum of \$10,000.

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FAQs

Credit Requirements:

Credit History – Applicants must have a credit history acceptable to SBA.

Repayment – Applicants must show the ability to repay the loan.

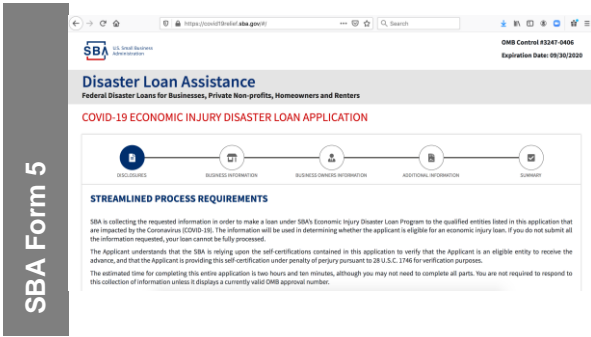
Collateral – Collateral is required for all EIDLs over \$25,000. SBA takes real estate as collateral when it is available. SBA will not decline a loan for lack of collateral, but SBA will require the borrower to pledge collateral that is available.

Interest Rates: 3.75% for private businesses and 2.75 for non-profits

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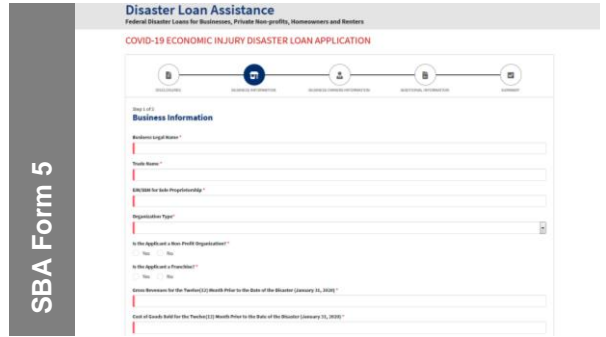
Now let's see what the EIDL online application looks like, as well as the additional forms that may be requested.

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SBA Form 5



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SBA Form 5



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SBA Form 5



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SBA Form 5

PAYROLL PROTECTION PROGRAM PPP

The Paycheck Protection Program (PPP) provides rapid funding to small businesses in the form of a forgivable loan.

- Small businesses began applying on April 3.
- Self-employed (aka Freelancers, Independent Contractors) began applying on April 10

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PAYROLL PROTECTION PROGRAM PPP

- No Collateral or Personal Guarantee
- No Fees
- 1.00% Interest Rate
- No Payments for 6 Months

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PPP Loan amounts will be forgiving as long as:

- The loan proceeds are used to cover payroll costs, and most mortgage interest, rent, and utility costs over the 8-week period following receipt of the loan.
- Employee and compensation levels are maintained
- 75% of the funds (used for payroll) will be forgiven
- Up to 25% of the funds can be used for other expenses, but must be re-paid.

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Applicants are to apply through their own banks (first). Visit your bank/lenders website so see if they are participating.

- If they are not participating:
<https://www.sba.gov/paycheckprotection/find?pageNumber=1>
- Due to high volume, delays/system downtimes are occurring

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DOCUMENTS REQUIRED FOR PPP:**Sole Proprietors, Independent Contractors, Self-Employed**

1. Sole proprietors – provide IRS form 1040 Schedule C and Schedule SE
2. If the applicant does not have the above documentation, the applicant must provide other supporting documentation to its lender, such as bank records, sufficient to demonstrate the qualifying payroll amount

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DOCUMENTS REQUIRED FOR PPP:**Sole Proprietors, Independent Contractors, Self-Employed**

1. Form 1099-MISC, or income and expenses from a sole proprietorship or self-employed
2. Sole proprietors – provide IRS form 1040 Schedule C and Schedule SE
3. If the applicant does not have the above documentation, the applicant must provide other supporting documentation to its lender, such as bank records, sufficient to demonstrate the qualifying payroll amount

***Nonprofits**

Nonprofit organizations must include IRS Form 990

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Small Businesses (fewer than 500 employees)

- Date of incorporation/formation; need to be in business as of Feb 15, 2020
- Business Legal Name & Address
- DBA or Tradename
- Business TIN
- Business phone
- Primary contact

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- Applicant ownership
- NAICS code
- Number of employees(not including independent contractors), who reside in the U.S. (no H-2 employees)
- Dollar amount of average monthly payroll costs for the preceding calendar year
- Wages
- Payroll taxes

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- Payroll processor records (if used)
- Payroll tax filings
- IRS Form 941 (quarterly wages)
- IRS Form 944 (calendar year wages)
- Healthcare costs paid by employer
- Principal place of business in Hawaii

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Hawaii Resource Partners can assist you with questions and direct you to Resource Partner offices on your island:



www.hisbdc.org



<https://hilo.hawaii.edu/vboc/>



www.hawaii.score.org



www.mcblhawaii.org

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**For help from the Patsy T. Mink Center
for Business & Leadership**

Contact us at mcbl@ywcaohau.org

**30 minute consultations available via
Phone, Zoom, Microsoft Teams and Skype**

*Due to the high volume of requests, appointments will
be scheduled in order received.*

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