

SBA Help for Small (and Family) Businesses

The U.S. Small Business Administration (SBA) has potential relief for employees and businesses that have been disrupted or otherwise affected by the COVID-19 pandemic. The CARES (Coronavirus Aid, Relief, and Economic Security) Act has four main provisions.

1. The [Paycheck Protection Program](#) (PPP) provides \$349 billion in forgivable loans to small businesses to pay employees and keep them on the payroll. Loans can cover 2.5 times the average monthly payroll costs, measured over the 12 months preceding the loan origination date, plus an additional 25% for non-payroll costs. Obligations starting as of February 15, 2020 are eligible to be covered.
 - a. **Application timeframe:** April 3rd, 2020 - June 30th, 2020. **Funds are dispersed on a first-come-first served basis.**
 - b. **Independent contractors and the self-employed** can apply as of April 10th.
 - c. **Who can qualify:** Small businesses with less than 500 employees (from sole proprietorships to LLC's, non-profits, Tribal businesses, and veterans organizations).
 - d. The **loan needs to be repaid in two years** and has an interest rate of 1%.
 - e. **Application sites:** Include but not limited to an existing SBA 7(a) lender, federally insured depository institution, federally insured credit union, Farm Credit System institution, and other regulated lenders as they are approved and enrolled.
 - f. **Extra details:** Loans will be **fully forgiven** if the loan is used for qualifying expenses (payroll, mortgage interest, rent, and utilities). At least 75% of the loan amount must be applied toward payroll for loan to be fully forgiven.
 - i. **Reach out to an approved lender as soon as possible.**
 1. Your current bank or credit union may not be an approved lender. All federally insured depository institutions, federally insured credit unions and Farm Credit System institutions that are not existing SBA lenders can begin making loans once they are approved and enrolled in the SBA program. Visit www.sba.gov for a list of SBA lenders.
 2. Your lender may only accept applications from customers who have a preexisting lending relationship with – not just a business bank account.
 - ii. **To apply you will need** to complete the Paycheck Protection Program loan application and submit the [application](#) with the required documentation to an approved lender. Documentation may include
 1. IRS Form 941 – Employer's Quarterly Federal Tax Return for each quarter in 2019; or
 2. 2019 Federal Tax Return; or
 3. 1099-MISC (if the applicant is an Independent Contractor)
 4. IRS Form 1040 Schedule C (if the applicant is a sole proprietor)
 5. Business validation information such as articles of incorporation
 6. Payroll ledgers reflecting each employee's compensation for Feb. 2020 (if the business is seasonal then a different timeline is used).

Tip: if you are waiting on your bank to get its application to be SBA lender going, do review and complete the [SBA PPP loan application](#), even if your bank will be using an online process and application: it will force you to gather the records and information to properly answer and calculate the questions on the application.

- g. **More information** is available [here](#) from the Treasury.
2. [Economic Injury Disaster Loan Emergency Advance](#) is a loan advance program that can provide up to \$10,000 of economic relief to businesses that are being affected by COVID-19.
- a. **Who can qualify:** Businesses with fewer than 500 employees and those businesses with over 500 employees if they meet SBA's size standards for their given industry.
 - b. **Extra details:** Covid-19 related EIDL loans include a \$10,000 **forgivable** advance. The normal EIDL application has been **streamlined** and should take about 2 hours. The SBA says your \$10,000 loan advance should come in about 3 days. Several traditional EIDL loan approval conditions have been relaxed, including: you do not have to prove you could not get credit elsewhere; loans of \$25,000 or less require no collateral; you can borrow up to \$200,000 without a personal guarantee; first-year tax returns are not required and approval can be based on credit score.
3. The [SBA Express Bridge Loan Pilot Program](#) is available for small businesses that have an urgent need for cash. The loans can be up to \$25,000.
- a. **Who can qualify:** Small businesses with an already-established relationship with an SBA Express Lender
 - b. **Extra details:** These loans provide quick funds to help small businesses overcome a temporary revenue loss. The loan will eventually be repaid in full or partially by the EIDL loan (Economic Injury Disaster Loan, mentioned above).
4. [SBA Debt Relief](#) is a program to provide a break from SBA debt repayments.
- a. **Who can qualify:** Small businesses with SBA loans (current 7(a), 504, and microloans) that are under "regular servicing" status as of March 1st, 2020.
 - b. **Extra details:** SBA will pay principal, interest, and fees for six months for current SBA loans. In addition, SBA will pay principal, interest, and fees of new loans issued before September 27, 2020. Under the six-month period, interest will continue to accrue.

Information collected by

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References

U.S. Small Business Administration. Coronavirus relief options website:
<https://www.sba.gov/funding-programs/loans/coronavirus-relief-options>.
U.S. Chamber of Commerce. *Guide to SBA's Economic Injury Disaster Loans*. Accessed Apr. 7, 2020.
Information from media sources and conversations.