

## **Financing During COVID-19: Business Guidance & Loan Resources**

Many businesses are facing unique and challenging decisions to retain their employees, manage cashflow and continue their operations as they do their part to keep their employees, customers, and communities safe and healthy. Across the country, unique situations call for unique solutions for business financing. Potential financing solutions that may be applicable to your business are highlighted below.

### **ECONOMIC INJURY DISASTER LOANS & EMERGENCY ECONOMIC INJURY GRANTS**

Economic Injury Disaster Loans (EIDL) are working capital loans administered by the Small Business Administration (SBA). These loans are designed to help small businesses with 500 or fewer employees, self-employed individuals, and most private non-profit organizations which are experiencing a temporary loss of revenue as a result of COVID-19. EIDLs offer lower interest rate loans of up to \$2,000,000. Collateral is required for all EIDL loans over \$25,000.

Businesses and private non-profit organizations which have applied for an EIDL and have been in operation since January 31, 2020 are also eligible for an [Emergency Economic Injury Grant](#). These grants provide an emergency advance of up to \$10,000 within three days of applying for an EIDL. The advance does not need to be repaid under any circumstances, even if the EIDL application is later denied, and can be used to keep employees on payroll, pay for sick leave, or pay business debts, rent and mortgage payments.

The U.S. Senate Committee on Small Business & Entrepreneurship created frequently asked questions on both topics which can be accessed [here](#).

### **PAYCHECK PROTECTION PROGRAM**

The Paycheck Protection Program (PPP) is targeted specifically at keeping American workers paid and employed. Through this program, small businesses with 500 or fewer employees, self-employed individuals, and 501(c)(3) non-profit organizations have access to 100% federally backed loans to help maintain and pay payroll costs, along with other eligible operational expenses. The loan size is determined based upon historical payroll costs (with special rules for self-employed individuals) but may not exceed \$10 million.

Loans can be forgiven up to 100% when used for payroll costs, interest on mortgage or other debt obligations, rent, and utilities during the 8 weeks following the loan date. Although, it is anticipated that not more than 25% of the forgiven amount may be for non-payroll costs. The loan may be made through any SBA-certified lender and carry an automatic deferral of any payments for six months. Any amount not forgiven on the loan will carry a term of 2 years, a fixed interest rate of 1%, have zero prepayment fees and, unlike EIDLs, PPP loans require no collateral. Loans will be available through June 30<sup>th</sup>, 2020.

Read further about qualifications, loan size determination and details on loan forgiveness under the Paycheck Protection Program [here](#).

## **SMALL BUSINESS DEBT RELIEF PROGRAM**

The Small Business Debt Relief Program is another avenue created to assist businesses being faced with challenges due to COVID-19. Through this program, small businesses with non-disaster SBA loans will have all payments for principal, interest, and fees paid for by the SBA for six months. This payment relief will be available to current borrowers and new borrowers that secure a non-disaster SBA loan prior to September 27, 2020.

## **OTHER FINANCING OPTIONS**

Banks and other lending institutions are doing their part to contribute to the economic stability of our businesses across the country amid the COVID-19 crisis. Aside from the programs above, businesses should be connecting with their current lenders to explore any new financing options available or determine if there have been any policy changes surrounding existing loans or lines of credit. Examples of potential changes to current policies:

- Reduced rates or interest-free lines of credit
- Increasing existing credit lines
- Deferment of payments and waived late fees on loans and lines of credit

During these challenging times, it is more important than ever to make sure your business is leveraging all available resources to continue supporting operations, employees, and your communities. Abdo, Eick & Meyers will continue to monitor current and new financing opportunities as they come available.

Please [reach out](#) if you have any questions pertaining to the resources above or any other changes that have resulted from COVID-19. For more information and further resources, please visit our [AEM COVID-19 Resource Center](#).