

SBA UPDATE FOR SMALL BUSINESS OWNERS

JUNE 24, 2020 | 11 AM | FREE WEBINAR | POWERED BY



EBONY STOCKS

EXECUTIVE VICE PRESIDENT

Epstocks@co.pg.md.us



ALICIA MORAN

MANAGER, SMALL BUSINESS SERVICES

Amoran@co.pg.md.us



WEBINAR NOTICE

SOUND

Participants Microphones and Video are disabled for webinar.

QUESTIONS

To ask a question during the webinar please use the "Q & A" button at the bottom of your screen. Panelists will answer as many questions as possible.

ACCESSING TODAY'S INFORMATION

The presentation and recording of today's webinar will be available on PGCEDC.com/Covid19 within 48 hours.

RESOURCES

Reopening Information:

<https://www.princegeorgescountymd.gov/3504/County-Phased-Reopening>

Covid 19 Updates:

www.pgcedc.com/covid19

Buy Prince George's Campaign:

www.pgcedc.com/buyprincegeorges

SCHEDULE

A woman in a dark blazer and glasses is pointing at a whiteboard. The whiteboard displays a bar chart with three bars of varying heights. The tallest bar is labeled '23%', the middle one '17%', and the shortest one '10%'. There are also some handwritten notes and a small diagram on the board. The background is a stone wall.A man in a dark suit and tie is standing and writing on a whiteboard. He is holding a pen in his right hand. In the foreground, another man in a light-colored shirt is sitting at a desk, looking towards the whiteboard. The scene is set in a room with large windows in the background.

Welcome
Resources
Introduction of Panelists
Presentation
Question & Answers

RODERICK JOHNSON

LENDER RELATIONS SPECIALIST



U.S. Small Business
Administration



MATT EVANS

COUNSELOR/CPA

SCORE ®





U.S. Small Business
Administration

Coping with COVID-19

Financial Tools & Resources to Help Small Businesses

U.S. Small Business Administration (SBA)

Washington Metropolitan Area District Office (WMADO)

202-205-8800

www.sba.gov/dc

@SBA_DCMetro

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- 2. SBA-backed Loan Process**
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- 8. SBA Express Bridge Loans**
- 9. Loan Application Support**
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SBA-backed Loan Products

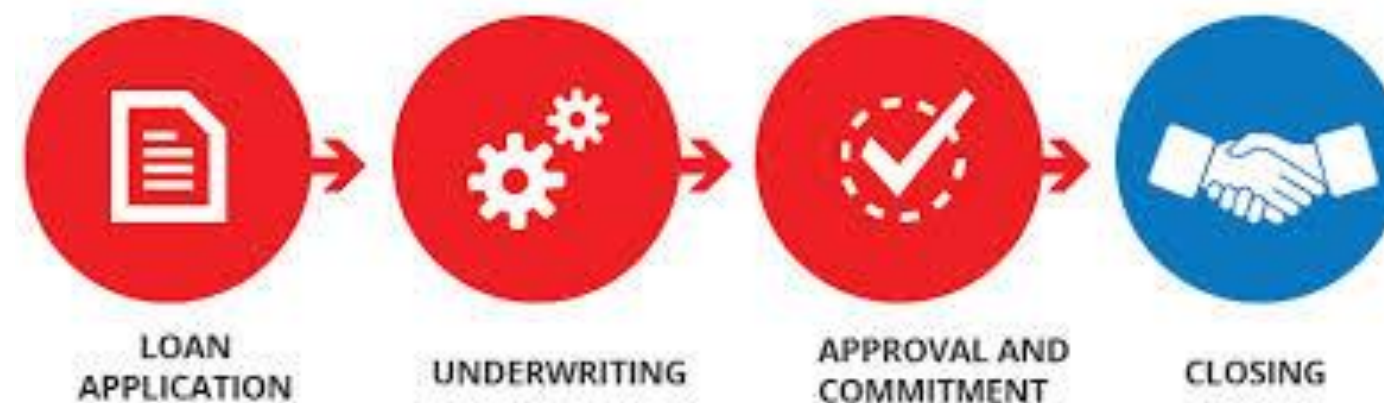
www.sba.gov/funding-programs/loans

- 7(a) Loans
- SBA Express
- SBA Veterans Advantage
- CapLines
- Community Advantage
- International Trade
- Export Working Capital Program
- Export Express
- 504 Loans

SBA-Backed Loan Process

The Five Essential Steps

1. Borrower applies to a qualified lender
2. Lender approves loan “subject to” SBA Guaranty
3. Lender submits request to SBA
4. SBA approves lender request
5. Lender settles and services loan



What to Take to Your Lender

- Business Plan
- Resumes of Key Management Team Members
- Business Financials (Balance Sheet, Income Statement, Cash Flows, Equity Statement)
- Use of Proceeds
- Cash Flow Projections
- Legal Documents
- Personal Financials & Tax Returns
- Proof of Equity Investment (Start-ups)

Borrower Requirements

- Feasible business plan
- Good character
- Management expertise
- Commitment to succeed
- Adequate working capital
- Ability to repay
- Citizen or Legal Resident



Additional Requirements

No outstanding judgments, liens, or open bankruptcy

No previous loss to government

No delinquent child support or student loans

- For-profit small business, as determined by SBA size standards (www.sba.gov/size)
 - SBA size standards indicate the maximum size a business can be to participate in government contracting programs and compete for contracts set aside for small businesses
 - Size standards vary by industry; generally based on the number of employees or dollar amount of company's annual receipts
- Personal contribution of equity
- Legal business and SBA-approved industry

Activities Not Eligible for SBA Loans

- Investments (including apartment buildings)
- Financial lending
- Pyramid sales/multi-level marketing schemes
- Gambling or adult entertainment
- **Non-profit or religious organizations**
 - *Exceptions made for Paycheck Protection Program and COVID-19 Economic Injury Disaster Loans*
- Activities that discriminate or restrict patronage
- Transportation vehicles for personal use



Using Loan Payment Deferrals to Augment Cash Flow

<https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/sba-debt-relief>

Existing SBA loans

- 7(a), 504 or Microloans: Loan payments can be deferred up to six months. Business owners should talk with their lenders and ask for a loan modification
- Existing Disaster Assistance Loans: SBA is automatically deferring payments on all outstanding disaster loans through December 31, 2020

Non-SBA Business Loans

- Borrowers can discuss with their banker/lender the option to defer loan payments. The length of any deferment would be determined by the bank or lending institution

CARES Act: Small Business Debt Relief Program

- Financial regulatory agencies have issued a joint letter to financial institutions, strongly recommending lenders work with borrowers to offer loan deferments in response to the COVID-19 pandemic
- Such deferments neither impact the lender's standing with bank regulators, nor reflect negatively on the borrower's credit score

CARES Act: Paycheck Protection Program (PPP)

- These are **not** direct loans from SBA (different from the Economic Injury Disaster Loan program)
- PPP loans are processed through participating banks and financial institutions
- Lenders will not charge loan fees for PPP loans
- SBA is providing a 100% loan guarantee to lenders
- As of June 15, more than \$100 billion in PPP funding is still available
- **Deadline to apply is June 30, 2020**

CARES Act: Paycheck Protection Program (PPP)

Eligible Entities

Small businesses, non-profits (including religious organizations), veterans' organizations, and Tribal concerns that have 500 or fewer employees or are within SBA size standards (www.sba.gov/size) are all eligible to apply. Self-employed individuals are also eligible. Accommodations and Food Services concerns (NAICS Code starting with 72) with more than one physical site are eligible if no more than 500 workers are employed per location.

To locate a PPP lender near you, visit

<https://www.sba.gov/paycheckprotection/find>

- Loan Amount: Up to \$10 million, reflecting 2.5 times the firm's average monthly payroll costs
- Interest Rate: 1%
- Loan Fees: None
- Use of Funds: Primarily for payroll costs and benefits; other allowed expenses include mortgage interest, rent, & utilities
- Collateral: None required, no personal guarantees needed
- Maturity: 2 years on loans made prior to June 5; after this date, increased to 5 years.
- First Payment: No payment required for at least one year (covered period + 10 months)
- Pre-Payment: No penalty

CARES Act: Paycheck Protection Program (PPP)

Loan Forgiveness (60/40 Rule)

- A PPP loan will be forgiven in its entirety if 60% or more of the loan amount is used on payroll, including benefits costs, and staff levels are maintained within the covered period (24 weeks from date of disbursement)
- Partial forgiveness will be granted if 60% spent or more is spent on payroll costs beyond the covered period

Economic Injury Disaster Loan (EIDL)

Eligible Entities

Small businesses, non-profits of any size (including religious organizations), veterans' organizations, Tribal concerns, and self-employed individuals are all eligible. If the applicant is a business, the concern must have no more than 500 employees or be within SBA size standards (www.sba.gov/size)

- Loan Amount: Up to \$150,000, reflecting two months of average monthly gross profits
- Interest Rate: 3.75% (2.75% for non-profits)
- Use of Funds: to pay rent, mortgage interest, utilities, payroll, fixed debts, accounts payable and other bills
- Maturity: 30 Years
- Loan Fees: None
- Collateral:
 - \$25,000 or less – none required
 - >\$25,000 – lien on business assets
 - Applicants will not be declined due to a lack of collateral
- Personal Guaranty: Required
- First Payment: No payment required for first year (12 months)
- Pre-Payment: No pre-payment penalty

Economic Injury Disaster Loan (EIDL) Advance

- Applicants can request an emergency advance of up to \$10,000 when applying for a COVID-19 Economic Injury Disaster Loan
- The advanced amount is based on the number of individuals the applicant employed as of January 31, 2020: \$1,000 per employee (either part-time or full-time)
- **Borrowers do not have to repay the advance**, even if their application for an EIDL is denied
- Complete SBA's online EIDL and EIDL Advance application at <https://covid19relief.sba.gov>

When PPP Loan Proceeds Must Be Used to Refinance EIDLs

- An EIDL may not be refinanced with a PPP loan when the PPP borrower received the EIDL before January 31, 2020 or after April 3, 2020
- An EIDL is not required to be refinanced with a PPP loan when the PPP borrower received funds from an EIDL from January 31, 2020 through April 3, 2020; and the PPP borrower **used the EIDL loan for purposes other than payroll costs**
- A PPP loan must be used to refinance the full amount of the EIDL when the PPP borrower received funds from the EIDL loan from January 31, 2020 through April 3, 2020; and the PPP borrower **used the EIDL loan funds to pay payroll costs**. The amount of the EIDL loan to be refinanced does not include the amount of any EIDL “advance” (also referred to as an EIDL “grant”) received by the PPP borrower because the EIDL advance does not need to be repaid

SBA Express Bridge Loans

<https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/sba-express-bridge-loans>

SBA Express Bridge Loans

- Allows small businesses that currently have a business relationship with an SBA Express Lender to access up to \$25,000 with less paperwork
- Can be used as short-term funding to bridge the gap while applying for an [Economic Injury Disaster Loan](#) or used as term loan
- Repayment in full or partially via the SBA Economic Injury Disaster Loan program
- These loans can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing

Loan Application Support

For questions about the status of an Economic Injury Disaster Loan (EIDL) or EIDL Advance application...

- **SBA's Disaster Customer Service Center** may be reached by phone at **800-659-2955** (every day, 8:00am to 8:00pm ET). Individuals who are deaf and hard of hearing may contact 800-877-8339 (TTY)
- Email disastercustomerservice@sba.gov

For questions about the status of a Paycheck Protection Program loan application, please call your lender directly

Entrepreneurial Mentoring & Coaching Support

- **SBA-funded Resource Partners offer you FREE one-on-one business counseling sessions via phone and video**
- **Business coaches can help you strategize business solutions**
- **Specialists are standing by to help you anticipate materials required for your business loan application**

SCORE

202-619-1000 (DC/MD/NoVA)

<https://washingtondc.score.org/>

The logo for SCORE, featuring the word "SCORE" in blue capital letters with a stylized blue graphic of three slanted lines to its right.

Small Business Development Centers (SBDCs)

202-889-5090 (DC); 301-403-8300 (MD); 703-277-7703 (NoVA)

<https://www.dcsbdc.org>

<https://www.marylandsbdc.org/locations/corridor-regi>

<https://www.virginiasbdc.org/>

The logo for America's SBDC, featuring the text "AMERICA'S SBDC" in blue and red, with "IN PARTNERSHIP WITH SBA" and "CELEBRATING 40 YEARS!" in a red banner below.

Women's Business Centers (WBCs)

202-393-8307 (DC); 301-315-8091 (MD); 703-768-1440 (NoVA)

<http://www.dcwbc.org>

<http://www.marylandwbc.org>

<https://cbponline.org/who-serve/women/>

The logo for the Association of Women's Business Centers, featuring a stylized red and blue circular graphic to the left of the text "ASSOCIATION OF WOMEN'S BUSINESS CENTERS".

Veterans Business Outreach Center (VBOC)

703-768-1440 (DC/MD/NoVA)

<https://cbponline.org/who-serve/veterans/>

The logo for the Veterans Business Outreach Center (VBOC), featuring the text "U.S. SMALL BUSINESS ADMINISTRATION" at the top, "VBOC" in large blue letters in the middle, and "VETERANS BUSINESS OUTREACH CENTERS" at the bottom, with red stars on either side of the "VBOC" text.

Thank You

SBA-Washington Metropolitan Area District Office

www.sba.gov/dc



PPP Loan Forgiveness Calculation Form

Business Legal Name ("Borrower")	DBA or Tradename, if applicable	
Business Address	Business TIN (EIN, SSN)	Business Phone
		() -
	Primary Contact	E-mail Address

SBA PPP Loan Number: _____ Lender PPP Loan Number: _____

PPP Loan Amount: _____ PPP Loan Disbursement Date: _____

Employees at Time of Loan Application: _____ Employees at Time of Forgiveness Application: _____

EIDL Advance Amount: _____ EIDL Application Number: _____

Payroll Schedule: The frequency with which payroll is paid to employees is:

Weekly Biweekly (every other week) Twice a month Monthly Other _____

Covered Period: _____ to _____

Alternative Payroll Covered Period, if applicable: _____ to _____

If Borrower (together with affiliates, if applicable) received PPP loans in excess of \$2 million, check here:

Forgiveness Amount Calculation:

Payroll and Nonpayroll Costs

Line 1. Payroll Costs (enter the amount from PPP Schedule A, line 10): _____

Line 2. Business Mortgage Interest Payments: _____

Line 3. Business Rent or Lease Payments: _____

Line 4. Business Utility Payments: _____

Adjustments for Full-Time Equivalency (FTE) and Salary/Hourly Wage Reductions

Line 5. Total Salary/Hourly Wage Reduction (enter the amount from PPP Schedule A, line 3): _____

Line 6. Add the amounts on lines 1, 2, 3, and 4, then subtract the amount entered in line 5: _____

Line 7. FTE Reduction Quotient (enter the number from PPP Schedule A, line 13): _____

Potential Forgiveness Amounts

Line 8. Modified Total (multiply line 6 by line 7): _____

Line 9. PPP Loan Amount: _____

Line 10. Payroll Cost 60% Requirement (divide line 1 by 0.60): _____

Forgiveness Amount

Line 11. Forgiveness Amount (enter the smallest of lines 8, 9, and 10): _____



Business Legal Name ("Borrower")	DBA or Tradename, if applicable	
Business Address	Business TIN (EIN, SSN)	Business Phone
		() -
	Primary Contact	E-mail Address

SBA PPP Loan Number: _____ Lender PPP Loan Number: _____

PPP Loan Amount: _____ PPP Loan Disbursement Date: _____

Employees at Time of Loan Application: _____ Employees at Time of Forgiveness Application: _____

EIDL Advance Amount: _____ EIDL Application Number: _____

Payroll Schedule: The frequency with which payroll is paid to employees is:

Weekly Biweekly (every other week) Twice a month Monthly Other _____

Covered Period: _____ to _____

Alternative Payroll Covered Period, if applicable: _____ to _____

If Borrower (together with affiliates, if applicable) received PPP loans in excess of \$2 million, check here:

Forgiveness Amount Calculation:

Payroll and Nonpayroll Costs

Line 1. Payroll Costs: _____

Line 2. Business Mortgage Interest Payments: _____

Line 3. Business Rent or Lease Payments: _____

Line 4. Business Utility Payments: _____

Potential Forgiveness Amounts

Line 5. Add the amounts on lines 1, 2, 3, and 4: _____

Line 6. PPP Loan Amount: _____

Line 7. Payroll Cost 60% Requirement (divide Line 1 by 0.60): _____

Forgiveness Amount

Line 8. Forgiveness Amount (enter the smallest of Lines 5, 6, and 7): _____

Prince
George's
county

MARYLAND



ECONOMIC
DEVELOPMENT
CORPORATION

CONTACT US

EMAIL ADDRESS

Alicia Moran (Small Business Manager): Amoran@co.pg.md.us

Main Line

301-583-4650