

Navigating Small Business Financial Options During the COVID-19 Crisis

Michigan Small Business
Development Center



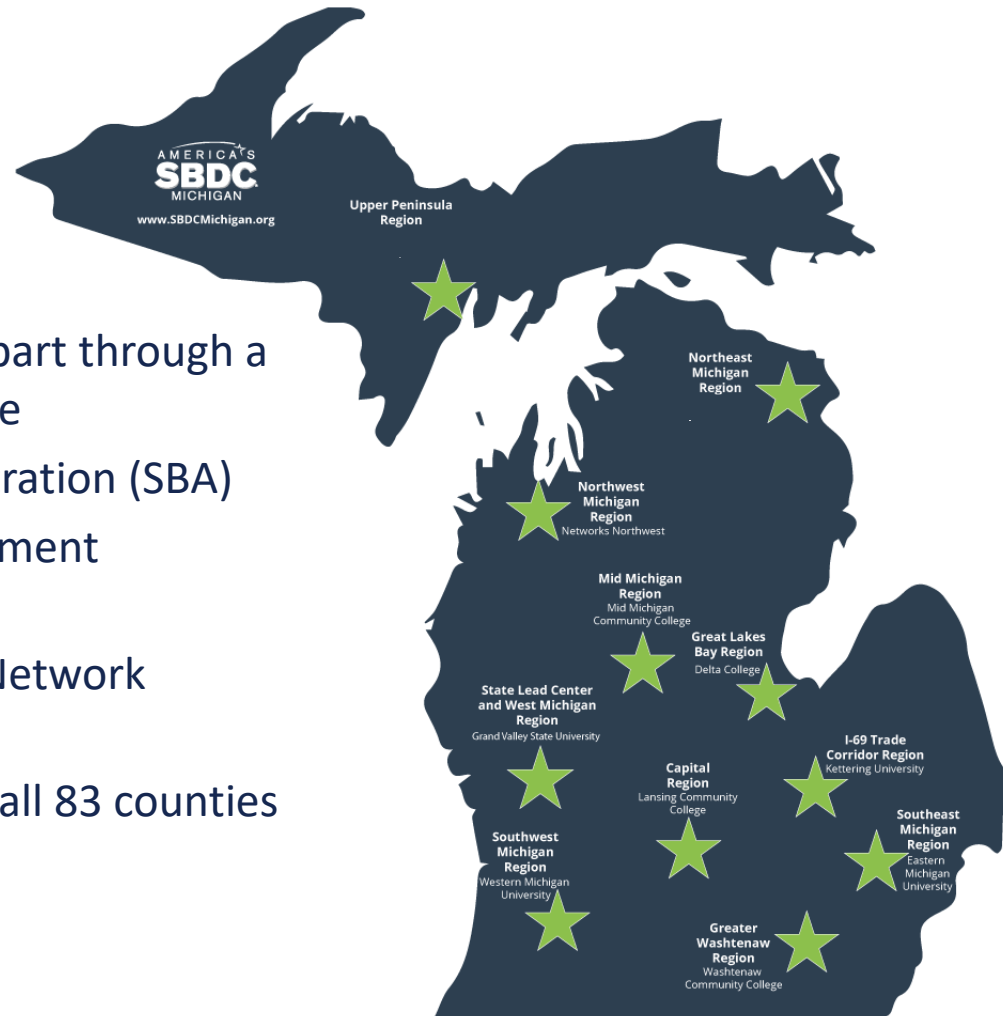
In partnership with:



The Michigan SBDC

A statewide network funded in part through a cooperative agreements with the

- U.S. Small Business Administration (SBA)
- Michigan Economic Development Corporation (MEDC)
- Matching funds from Local Network partners in each region.
- 11 Regional Offices to serve all 83 counties in the state



CARES Act

- Economic Injury Disaster Loan (EIDL)
- Emergency Economic Injury Grant (EEIG)
- Paycheck Protection Program (PPP)
- Other
 - Enhanced Unemployment
 - SBA Express Loan
 - SBA Loan Deferral

One Hundred Sixteenth Congress
of the
United States of America

AT THE SECOND SESSION

*Begun and held at the City of Washington on Friday,
the third day of January, two thousand and twenty*

An Act

To amend the Internal Revenue Code of 1986 to repeal the excise tax on high cost employer-sponsored health coverage.

*Be it enacted by the Senate and House of Representatives of
the United States of America in Congress assembled,*

SECTION 1. SHORT TITLE.

This Act may be cited as the “Coronavirus Aid, Relief, and Economic Security Act” or the “CARES Act”.

CARES Act



Economic Injury Disaster Loan (EIDL)

The SBA's Economic Injury Disaster Loans offer up to \$2 million in assistance and can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing.

Economic Injury Disaster Loan (EIDL)

Use of Funds:

- Fixed debts (rent, utilities etc.)
- Payroll
- Accounts payable
- Some bills that could have been paid had the disaster not occurred.

Criteria for Approval:

- Acceptable Credit History
- Ability to repay the SBA loan

Economic Injury Disaster Loan (EIDL)

Snapshot:

- Funds come directly from the U.S. Treasury
- No cost to apply and no closing costs
- No obligation to take the loan, if offered
- The maximum unsecured loan amount is \$25,000
- No personal guarantee for loans under \$200,000
- Automatically deferred for 12 months
- Maximum loan amount \$2 million
- Interest rates
 - Small Businesses 3.75 %
 - Most Private, Non-Profits 2.75 %
- Terms up to 30 years
- Eligibility based on the size, type of business and financial resources

Applying for the EIDL

You can apply directly to SBA's Disaster Assistance Program at:

<https://covid19relief.sba.gov/#/>



OMB Control #3245-0406
Expiration Date: 09/30/2020

Disaster Loan Assistance

Federal Disaster Loans for Businesses, Private Non-profits, Homeowners and Renters

COVID-19 ECONOMIC INJURY DISASTER LOAN APPLICATION



DISCLOSURES



BUSINESS INFORMATION



BUSINESS OWNERS INFORMATION



ADDITIONAL INFORMATION



SUMMARY

STREAMLINED PROCESS REQUIREMENTS

SBA is collecting the requested information in order to make a loan under SBA's Economic Injury Disaster Loan Program to the qualified entities listed in this application that are impacted by the Coronavirus (COVID-19). The information will be used in determining whether the applicant is eligible for an economic injury loan. If you do not submit all the information requested, your loan cannot be fully processed.

The Applicant understands that the SBA is relying upon the self-certifications contained in this application to verify that the Applicant is an eligible entity to receive the advance, and that the Applicant is providing this self-certification under penalty of perjury pursuant to 28 U.S.C. 1746 for verification purposes.

The estimated time for completing this entire application is two hours and ten minutes, although you may not need to complete all parts. You are not required to respond to this collection of information unless it displays a currently valid OMB approval number.

ELIGIBLE ENTITY VERIFICATION



MICHIGAN SMALL BUSINESS DEVELOPMENT CENTER

Applying for the EIDL

You can apply directly to SBA's Disaster Assistance Program at:

<https://covid19relief.sba.gov/#/>

Other Documents:

- Required to provide:
- Business tax returns for three prior years
- Personal tax returns for each principal owning 20% or more of the applicant
- 2019 Federal Tax Returns
- Personal Financial Statements (SBA Form 413) for each applicant and principal owning 20 % or more of the applicant
- Applicant's debt Schedule (SBA Form 2202)

Emergency Economic Injury Grant (EEIG)

The CARES bill introduced a new measure to allow businesses in operation on January 31, 2020 to receive essential funding as quickly as possible. The SBA can provide up to \$10,000 within three days of the application.

I would like to be considered for an advance of up to \$10,000.

Where to Send Funds

Bank Name *

Account Number *

Routing Number *

Emergency Economic Injury Grant (EEIG)

EEIG funds can be used for the following:

- Providing sick leave to employees unable to work due to direct effect of COVID-19;
- Maintaining payroll during business disruptions during slow-downs;
- Meeting increased supply chain costs;
- Making rent or mortgage payments; and,
- Repaying debts that cannot be paid due to lost revenue.

The EIDL grant does not need to be repaid, even if your disaster loan application is later denied.

Paycheck Protection Program (PPP)

The Paycheck Protection Program is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll.

PPP Eligibility & Uses

Snapshot:

- No loan fees
- No collateral
- No prepayment penalties
- No personal guarantee
- Automatically deferred for 6 months
- Can borrow 250% of average monthly payroll cost
- Maximum loan amount \$2 million
- Interest rate - 1% on amount not forgiven
- Term - 2 years
- Eligibility based on the size, type of business and financial resources
- Loans forgiven if used on payroll costs, rent, mortgage, insurance and utilities.

How Much Can I Borrow?

250% of your average monthly payroll expense.

Example – if your average monthly payroll is \$25,000/month,
then your loan amount would be:

$$\$25,000 \times 2.5 = \$62,500$$

PPP Loan Forgiveness

Loan forgiveness equals the sum of the following expenses paid during the eight-week period that begins on the loan origination date.

- Payroll
- Rent/lease
- Utilities
- Mortgage/debt interest

75% of forgiven amount must be payroll expenses.

You will be required to submit documentation to your lending institution verifying above expenses to be eligible for loan forgiveness.

Applying for the Loan

“The estimated time for completing the application, including gathering data needed, is 8 minutes.”

Supporting Payroll Records to be submitted with PPP application:

- Third party payroll administrator records for the applicable period.
- List of all employees with their total compensation. For the purposes of this application, any employee with total compensation over \$100,000 should be listed as \$100,000.
- Copies of quarterly 941 payroll tax reports filed with the IRS and a copy of W-3 (note 941 statements may not be available for Q1 of 2020).
- Records of payments made for
 - vacation, parental, family, and medical or sick leave.
 - employer paid group health care benefits, if applicable.
 - employer paid retirement plan benefits, if applicable.
 - state or local taxes assessed on the compensation of employees, if applicable.

Find a Lender

▲ Coronavirus (COVID-19): Relief options and Additional Resources [CLICK HERE](#)

SBA U.S. Small Business Administration

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Find Eligible Lenders

Use this tool to find a nearby lender eligible to issue a loan under the Paycheck Protection Program.

Near

SEARCH



The map displays the United States with state names and major cities. A red feedback arrow is visible in the bottom right corner of the map area.

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

CARES Act



CARES Act



Other Programs

- Enhanced Unemployment
- SBA Express Loan
- SBA Loan Deferral

New Federal Assistance for Unemployment

The Coronavirus Aid, Relief, and Economic Security (CARES) Act expands Michigan's benefits to self-employed, 1099-independent contractors, and low wage workers as well as an increase in weekly pay to all who receive benefits. **The Unemployment Insurance Agency will release guidance regarding eligibility and the application process in the coming days.** If you have already filed for unemployment benefits, you DO NOT need to reapply at this time.

For More Information

COVID-19 Small Business Support Webinars

ACCESS WEBINARS ON-DEMAND



COVID-19 Conversations: Resources for Sole Proprietors

Address the challenges unique to sole proprietors and help you find some of the answers you need.

April 7 at 2 PM



Paycheck Protection Program

Join us for a conversation about the Paycheck Protection Program.

April 8 at 2 PM



COVID-19 Conversations: Friday Forum

Join us for group therapy! If you still have questions after attending or watching this week's on-demand webinars, this one's for you.

April 10 at 2 PM



COVID-19 Conversations: Human Resources

Communicating with your employees, modifying schedules and work locations, and updates on unemployment coverage.

Watch On-Demand



COVID-19 Conversations: SBA Loan Programs

Discussing action items you should consider to proactively manage your business during COVID-19

Watch On-Demand



COVID-19 Conversations: Sustaining Your Restaurant Business

Discuss ways to keep your business alive and continue serving customers during the COVID-19 shutdown

Watch On-Demand

www.sbdcmichigan.org/small-business-covid19/

For More Information

- www.sbdcmichigan.org/small-business-covid19
- www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources
- www.sbam.org/Resources/COVID-19-Resources
- <http://paycheckprotectionprogrammichigan.com>
- SBA Disaster Customer Service Center (800) 659-2955
- disastercustomerservice@sba.gov
- careresurces@micpa.org



Questions

