



U.S. Small Business
Administration

Today's Presenter:
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Assistant District Director



SBA's Disaster Declaration Makes Loans Available Due to the COVID-19

- President Trump signed the [Coronavirus Aid, Relief and Economic Security Act](#) into law on March 27, 2020. The economic stimulus bill provides financial assistance to U.S. citizens and U.S. businesses.
- On Friday, April 24, 2020 the President signed legislation providing an additional \$310 billion in funding for the Paycheck Protection Program (PPP), \$60 billion of which is reserved for community banks and small lenders.
- The SBA will resume accepting Paycheck Protection Program applications from participating lenders today, Monday, April 27, 2020

SBA COVID-19 Loan Programs

- 1. Paycheck Protection Program:** Designed to provide a direct incentive for small businesses to keep their workers on the payroll. SBA will forgive loans if all employees are kept on the payroll for eight weeks and the money is used for payroll, rent, mortgage interest, or utilities.
- 2. Economic Injury Disaster Loans and Advance Grants:** Provides working capital loans of up to \$2 million to help overcome the temporary loss of revenue. Advance grants of up to \$10K / \$1K per employee do not need to be repaid.
- 3. SBA Debt Relief:** The SBA will automatically pay the principal, interest, and fees of current 7(a), 504, and microloans for a period of six months. New loans issued prior to September 27, 2020 also.
- 4. SBA Express Bridge Loan:** Enables small businesses who currently have a business relationship with an SBA Express Lender to access up to \$25,000



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Paycheck Protection Program (PPP) Report

Massachusetts District Office

10 Causeway St. Suite 265

Boston, MA 02222

National, Regional and State Data

Approvals through 12 PM EST 4/16/2020

| Loan Count | Net Approved Dollars | Lender Count |
|------------|----------------------|--------------|
| 1,661,367 | \$342,277,999,103* | 4,975 |

| State | # Units | \$\$Amount |
|---------------|----------------|-------------------------|
| MA | 46,937 | \$10,360,907,178 |
| CT | 18,435 | \$4,151,934,451 |
| ME | 14,993 | \$1,944,425,549 |
| NH | 11,582 | \$2,006,858,477 |
| RI | 7,732 | \$1,335,777,801 |
| VT | 6,983 | \$1,000,127,478 |
| Totals | 106,662 | \$20,800,030,934 |

National Loan Size

Approvals through 12 PM EST 4/16/2020

| Loan Count | Net Approved Dollars | Lender Count |
|------------|----------------------|--------------|
| 1,661,367 | \$342,277,999,103* | 4,975 |

| Loan Size | Approved Loans | Approved Dollars | % of Count | % of Amount |
|------------------|----------------|------------------|------------|-------------|
| \$150K and Under | 1,229,893 | \$58,321,791,761 | 74.03% | 17.04% |
| >\$150K - \$350K | 224,061 | \$50,926,354,675 | 13.49% | 14.88% |
| >\$350K - \$1M | 140,197 | \$80,628,410,796 | 8.44% | 23.56% |
| >\$1M - \$2M | 41,238 | \$57,187,983,464 | 2.48% | 16.71% |
| >\$2M - \$5M | 21,566 | \$64,315,474,825 | 1.30% | 18.79% |
| >\$5M | 4,412 | \$30,897,983,582 | 0.27% | 9.03% |

Overall average loan size is \$206K.

Paycheck Protection Program Basics

Intent of program is to help small businesses cover payroll costs for an eight-week period have fewer people on the unemployment rolls and uninsured in the middle of a national emergency (a pandemic of all things).

- 100% SBA guarantee
- \$10 million maximum loan amount
- Fixed 1% interest rate
- Maturity of two years
- Payments are deferred for six months (*interest does accrue*)

- Loans can be made up to June 30, 2020 or when PPP funds expire
- Loans can be forgivable if funds are used for payroll costs and other covered expenses
- Loan disbursement must begin within 10 calendar days of getting SBA loan number
- Whether the businesses are open or not it's irrelevant – business owners need to bring back people that they have furloughed or laid off and re-hire

Paycheck Protection Program Basics

- PPP loans are meant to cover up to eight weeks of average monthly payroll (*based on 2019 figures*) plus 25% of other operating expenses
- SBA will forgive the portion of loan proceeds used for payroll costs and other designated operating expenses for up to eight weeks, provided at least 75% of loan proceeds are used for payroll costs.

Eligible expenses for the eight-week forgiveness include:

- Payroll costs (*excluding the prorated portion of any compensation above \$100,000 per year for any person*) include salary, commissions, tips; certain employee benefits including sick leave and health care premiums, and state & local taxes;
- Mortgage interest (not prepayment or principal payments) and rent payments on mortgages and leases in existence after February 15, 2020;
- Utilities such as electricity, gas, water, transportation, phone and internet access for services that began before February 15, 2020; and
- Additional wages paid to tipped employees.



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SBA Debt Relief Program

Procedural Notice

5000 – 20020

Summary and Definitions

In accordance with section 1112(c), SBA will pay the principal, interest, and any “associated fees” that Borrowers owe on a “covered loan” in a “regular servicing status” to 7(a) Lenders and Certified Development Companies (CDCs) for a 6-month period. SBA will make these payments in accordance with the criteria and procedures described in the notice.

- What is considered a “covered loan”
- What is the definition of a loan in “regular servicing status”
- “Lender” means either a 7(a) Lender or a CDC.
- What fees are covered under “Associated fees”

SBA's Economic Injury Disaster Loan Basics

SBA's Economic Injury Disaster Loans (or working capital loans) are available to small businesses, small agricultural cooperatives, small aquaculture businesses and most private non-profit organizations

In response to the Coronavirus (COVID-19) pandemic, small business owners in all U.S. states, Washington D.C., and territories are eligible to apply for an Economic Injury Disaster Loan

These working capital loans may be used to pay fixed debts, payroll, accounts payable, and other bills that could have been paid had the disaster not occurred. The loans are not intended to replace lost sales or profits or for expansion.

This **EIDL Advance** may be available even if your **EIDL** application is still pending or declined and it **will be forgiven**.

SBA's Economic Injury Disaster Loan Features

All loans under the EIDL program will have the following identical features:

- Maximum loan amount up to \$2 million
- Interest rate of 3.75% for profit businesses
- 2.75% for eligible private non-profits entities
- Extended Loan Maturity of 30 years
- First payment deferred for 12 months
- Loans funded by US Treasury & administered by SBA/ODA
- No collateral for loans under \$25,000
- Loans over \$25,000 require collateral.
- No Costs to apply & No obligation to take the loan if offered.
- Personal Guaranties of 20% or greater owners of the business will need required

SBA's Express Bridge Loan Pilot Program

EBL loans can only be made by SBA Express Lenders with a valid SBA Express agreement in effect as of the date of the applicable disaster - March 13, 2020.

In response of the COVID-19 Emergency Declaration, EBL loans can be approved through March 13, 2021.

The Lender must have an existing banking relationship with the EBL applicant as of the date of the applicable disaster.

The minimum acceptable SBSS Score for an EBL loan applicant is 130

The EBL loan must be structured as term loans not to exceed 7 years



- Maximum amount of an EBL loan is \$25,000
- Relaxed Underwriting to match lender's policy requirements
- No Collateral is required for EBL Pilot
- Maximum application fee of 2% of the loan amount not to exceed \$250

SBA's COVID-19 Related Loan Basics

What is the criteria for a loan approval?

Credit History-Applicants must have a credit history acceptable to SBA/Lender.

Repayment -SBA/Lender must determine that the applicant business has the ability to repay the SBA loan(s).

Collateral - None Required for PPP/EBL Loans; Economic Injury Disaster Loans over \$25,000 require collateral.

Personal Guaranties - None Required for PPP; EBL/EIDL required the personal guaranty of 20% or greater owners.





How to Apply & Other Helpful Links

SBA's Customer Service Representatives are ready to serve.

- **Economic Injury Disaster Loan**

SBA is unable to accept new applications at this time for the Economic Injury Disaster Loan (EIDL)-COVID-19 related assistance program (including EIDL Advances) based on available appropriations funding.

Applicants who have already submitted their applications will continue to be processed on a first-come, first-served basis

Disaster loan information and application forms may also be obtained by calling the SBA's Customer Service Center at 800-659-2955 (800-877-8339 for the deaf and hard-of-hearing) or by sending an email to

disastercustomerservice@sba.gov

- **Paycheck Protection Loan Program**

Paycheck Protection Program & Express Bridge Loan Pilot Program - Applicants visit a participating SBA Lender

- [Visit SBA's paycheck Protection Program Page](#)
- [Visit U.S. Treasury's Website for more information](#)
 - [More information \(3/31/2020\)](#) 
 - [Search Tool: Find an Eligible Lender](#)
 - [Borrower Application Form \(4/2/20\)](#) 
 - [Applicable Affiliation Rules](#) 
 - [How to Calculate Loan Amounts](#) 

Questions?



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