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During these very challenging times for small businesses around the United States, the U.S. government announced a Coronavirus Stimulus Bill on March 25th that an almost \$350 billion in emergency relief funding would become available via the Small Business Administration (SBA) to help small businesses stay afloat during the Coronavirus (COVID-19) pandemic. **GFA Federal Credit Union is a preferred Express SBA Lender and is ready to assist our small business community.** While the details around the availability of this new government funding are continuously evolving, there are some important considerations for small business owners to take when they are looking to apply for SBA loan funding. Here, we'll look at how these programs work – so you can figure out the best way to get the capital you need.



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Basic Overview of Programs:

Paycheck Protection Program (PPP):

Small businesses and some non-profits will have access to SBA loans with higher loan amounts, no restrictions on use, deferred payments for one year, all fees being waived and the potential for forgiveness of up to the full principal amount

Express Bridge Loan:

This program provides current GFA Business Members with expedited bridge loan financing for disaster-related purposes while the business awaits long-term financing, regardless of whether the long-term financing is sought through the SBA disaster loan program. The Express Bridge Loan Program includes a streamlined underwriting process.

Economic Injury Disaster Loan (EIDL):

The EIDL Loans are low-interest, fixed-rate loans available to all businesses and private non-profits who show an economic impact as a result of disasters like COVID-19. These loans are available in amounts up to \$2 Million dollars, but the amount a business will qualify for is dependent on the degree of economic injury sustained.

Paycheck Protection Program (PPP)

The PPP would provide cash-flow assistance through 100 percent federally guaranteed loans to employers who maintain their payroll during this emergency. If employers maintain their payroll, the loans would be forgiven, which would help workers remain employed, as well as help affected small businesses and our economy snap-back quicker after the crisis. PPP has a host of attractive features, such as forgiveness of up to 8 weeks of payroll based on employee retention and salary levels, no SBA fees, and at least six months of deferral with maximum deferrals of up to a year. Small businesses and other eligible entities will be able to apply if they were harmed by COVID-19 between February 15, 2020 and June 30, 2020. This program would be retroactive to February 15, 2020, in order to help bring workers who may have already been laid off back onto payrolls.

- Loans will be fully guaranteed by the Federal Government
- Fast turnaround through GFA, a preferred express SBA lender
- Loan may be used for; payroll expenses, interest on mortgage payments, rent, and utilities
- Loan payments will be deferred for six months but no longer than one year
- If you maintain your workforce, SBA will forgive the portion of the loan proceeds that are used to cover the first 8 weeks of payroll and certain other expenses following loan origination
- To be eligible for full forgiveness, employee count cannot be reduced (as compared to the previous year)
- No required collateral or personal guarantees
- Loans are available through June 30, 2020

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Payroll Protection Program

Depending on your business's situation, the loan size will be calculated in different ways (see below) :

If you were in business February 15, 2019 – June 30, 2019: Your max loan is equal to 250 percent of your average monthly payroll costs during that time period. If your business employs seasonal workers, you can opt to choose March 1, 2019 as your time period start date.

If you were not in business between February 15, 2019 – June 30, 2019: Your max loan is equal to 250 percent of your average monthly payroll costs between January 1, 2020 and February 29, 2020.

If you took out an Economic Injury Disaster Loan (EIDL) between February 15, 2020 and June 30, 2020 and you want to refinance that loan into a PPP loan, you would add the outstanding loan amount to the payroll sum.

What costs are eligible for payroll?

- Compensation (salary, wage, commission, or similar compensation, payment of cash tip or equivalent)
- Payment for vacation, parental, family, medical, or sick leave
- Allowance for dismissal or separation
- Payment required for the provisions of group health care benefits, including insurance premiums
- Payment of any retirement benefit
- Payment of State or local tax assessed on the compensation of employees

What costs are not eligible for payroll?

- Employee/owner compensation over \$100,000
- Taxes imposed or withheld under chapters 21, 22, and 24 of the IRS code
- Compensation of employees whose principal place of residence is outside of the U.S.

Express Bridge Loan

The SBA Express Bridge Loan is a program to permit small businesses with existing relationships with an SBA express leader (GFA) to obtain up to \$25,000 with less paperwork. This program can assist a small business with a temporary loss of revenue until longer term financing is secured.

- Available to current GFA Business Members
- Fast turnaround through GFA, a preferred express SBA lender
- Funds available 30 – 60 days after approval
- Loans up to \$25,000
- Can be repaid in full or in part by proceeds from the EIDL loan

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Economic Injury Disaster Loan (EIDL):

EIDLs provide eligible small businesses and nonprofit organizations up to \$2 million to help meet financial obligations and operating expenses that could have been met had the disaster not occurred. Loan proceeds can only be used for working capital necessary to enable the business or organization to alleviate the specific economic injury and resume normal operations.

- Offers up to \$2 million in low-interest loans to small businesses and nonprofits who have been severely impacted by Covid-19
- Low rate loan can be used to pay fixed debts, payroll, accounts payable and other bills that cannot be paid because of the disaster's impact

Who is eligible:

- A small business concern
- Most private non-profits of any size
- A small business engaged in aquaculture
- Small agricultural cooperative



Economic Injury Disaster Loan (EIDL):

Eligibility criteria:

- Located (physical presence) within the declared disaster area
- Have suffered, or are likely to suffer, substantial economic injury as a result of the disaster
- Do not have Credit Available Elsewhere
- The size of the applicant alone (without affiliates) must not exceed the size standard for the industry in which the applicant is primarily engaged
- The size of the applicant combined with its affiliates must not exceed the size standard designated for either the primary industry of the applicant alone or the primary industry of the applicant and its affiliates, whichever is higher.
- Must be an independently owned and operated business



Economic Injury Disaster Loan (EIDL):

Ineligible EIDL Applicants:

- Lending and Investment Concerns (except for real estate investments held for rental)
- Multi-level sales distribution (Pyramid) Concerns
- Speculative Activities
- Non-profit Organizations that are not considered a Private Non-Profit
- Consumer and Marketing Cooperatives (other cooperatives and small agricultural cooperatives are eligible)
- Not a small business concern (except for PNP of any size)
- Gambling concerns (concerns that derive more than one-third of their annual gross revenue for legal gambling activities)
- Casinos, racetracks, etc. (businesses whose purpose for being is gambling)
- Loan packagers who derives more than one-third of their annual volume from the preparation of applications seeking financial assistance from SBA)
- Religious organizations
- Political or lobbying concerns
- Pawn shops (when 50% or more of previous year's income was derived from interest)
- Real estate developers
- Life insurance companies
- Concerns engaged in illegal activities (as defined by Federal guidelines)
- Government-owned concerns (except for businesses owned or controlled by a Native American tribe)
- Concerns with principals incarcerated, on parole or probation
- Concerns engaged in live performances of, or the sale of products, services, of a prurient sexual nature
- Businesses considered as hobbies
- Concerns not located in the declared disaster
- Concerns determined to have credit available elsewhere
- Concerns involved in change in ownership situations.
- Concerns established post-disaster
- PNPs engaged in aquaculture
- Feedlot operators
- Agricultural enterprises
- Members of congress



Thank you – Any questions?



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