

SBA Support For Coronavirus Related Economic Disruptions



U.S. Small Business
Administration

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SBA's Disaster Declaration Makes Loans Available

The U.S. Small Business Administration (SBA) is offering designated states and territories low-interest federal disaster loans for working capital to small businesses suffering substantial economic injury as a result of the Coronavirus (COVID-19).

Upon a request received from a state's or territory's Governor, SBA will issue under its own authority, as provided by the Coronavirus Preparedness and Response Supplement Appropriations Act that was recently signed by the President, an Economic Injury Disaster Loan declaration.

SBA's Disaster Assistance for Small Business

On March 27, 2020, Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed-- a landmark \$2 trillion stimulus package addressing the impact of COVID-19. The package includes substantial relief for small business, including:



Paycheck Protection Program

A \$350 billion loan program for small businesses and nonprofits to maintain existing workforce and help pay for other expenses like rent, mortgage, and utilities.



Small Business Debt Relief

\$17 billion for the Small Business Administration (SBA) to cover 6 months of payments for small businesses with existing SBA loans, including 7(a), Community Advantage, 504, and Microloan programs.



Economic Injury Disaster Loans

An additional \$10 billion in funding for SBA Economic Injury Disaster Loans (EIDL), with emergency grants of up to \$10,000 to provide immediate relief for small business operating costs.

A woman with dark hair, wearing a white long-sleeved shirt and a grey apron, is smiling and leaning on a wooden counter in a bakery. Shelves filled with various breads and pastries are visible in the background.

Paycheck Protection Program

The Paycheck Protection Program is a \$350 billion loan program that applies to:

- Small employers with 500 employees or fewer, as well as those that meet the current Small Business Administration (SBA) size standards
- Self-employed individuals and “gig economy” individuals; and
- Nonprofits, including 501(c)(3) organizations and 501(c)(19) veteran organizations, and tribal business concerns with under 500 employees.

Loan amount:

- The size of the loans equal 250% of an employer’s average monthly payroll, up to a maximum loan amount of \$10 million.

Use of funds:

- Covered payroll costs include salary, wages, and payment of cash tips (up to an annual rate of pay of \$100,000); employee group health care benefits, including insurance premiums; retirement contributions; and covered leave.
- Loans can also be used to pay interest payments on mortgage obligations, rent, utilities, and interest on other debt obligations previously incurred.

Paycheck Protection Program

Paycheck Protection Program results:

- Nationally provided loans to over 1.6 million applicants
- Over \$340 billion of economic relief
- 74% of the loans were under \$150,000
- Top five industries construction, professional, scientific and technical services, manufacturing, health care / social assistance, accommodation and food services
- North Carolina applicants received more than \$8 billion going to 39,250 applicants



Economic Injury Disaster Loans and Grants

On March 6, the U.S. Congress passed a COVID-19 preparedness and response supplemental funding bill that designated COVID-19 as a disaster under the Small Business Administration (SBA) and provided \$20 million to support the SBA's administration of loan subsidies to small businesses of up to \$2 million per loan.

On March 27, Congress passed the CARES Act, adding \$10 billion to the loan program and waiving or relaxing several loan eligibility requirements.

A photograph of two men in business suits standing and talking. The man on the left is older, with grey hair, wearing a light blue shirt and a dark blue tie. The man on the right is younger, with dark skin and short black hair, wearing a white shirt and a dark red tie. They are both looking at each other and gesturing with their hands.

Economic Injury Disaster Loans and Grants

How much can I borrow?

Eligible entities may qualify for loans up to \$2 million.

The interest rates for this disaster are:

- 3.75% for small businesses
- 2.75% for nonprofit organizations

Terms of the loans are decided on a case-by-case basis and on ability to repay, but they can have a maximum length of 30 years; based on a business' actual economic injury and financial needs.

Loans can be approved based on a credit score; tax returns are no longer required.

Eligibility for these working capital loans are based on the size (must be a small business), type of business, and its financial resources.

A photograph of two men in business suits standing and talking. The man on the left is older, with grey hair, wearing a light blue shirt and a dark tie. The man on the right is younger, with dark hair, wearing a white shirt and a dark tie. They are both looking towards the right side of the frame.

Economic Injury Disaster Loans and Grants

EIDL Results:

- National 26,919 approved , \$5,566,937,785
- North Carolina 763 approved, \$147,875,300

EIDL Advance Grant Results:

- National 775,476 processed, \$3,293,963,000
- North Carolina 19,690 processed, \$ 88,323,000

Next Steps

Applicants may visit SBA's secure website at www.sba.gov/coronavirus

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.



Assistance From SBA Partners

- Free One-on-one business consulting
- Assistance with information that will be required for a Loan
- Each application and every business is different
- Assistance in preparing financial statements
- Assistance with Cash Forecasts, especially for new businesses
- Updating your Business Plan
- Get a checkup for your business

For the nearest office, visit: <https://www.sba.gov/local-assistance>





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Questions

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