



FUNDING RESEARCH

EMERGENCY FUNDING ASSISTANCE (COVID-19)

RESEARCH FOR EMERGENCY FUNDING ASSISTANCE

Presented By: *EBO Consulting Inc.*

Presented To: *Small Businesses & Individuals Seeking Emergency Funding Assistance*

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EBO Consulting Inc. is offering assistance to businesses and individuals seeking emergency funding, due to the COVID-19 crisis, from the Small Business Administration (SBA). Utilizing emergency loan assistance services can save time and alleviate stress on loan applicants by removing legwork and guesswork. **Please read on to learn more about currently available funding opportunities, in response to COVID-19.**

CURRENT SITUATION OVERVIEW

Small businesses, in particular those with under 500 employees, can avail of federally funded relief to provide paid sick leave and take out guaranteed forgivable loans to continue operations and pay employees. Many nonprofits, sole proprietors, and independent contractors can get help, too.

The Families First Coronavirus Response Act (FFCRA) took effect on April 1, 2020 and has two primary provisions for paid employee leave. The employer pays the leave and then gets a tax credit on a dollar-for-dollar basis. There are up to eighty hours of Emergency Paid Sick Leave (EPSL) available for covered employees for six reasons, including Alaska's travel mandate and Anchorage's Hunker Down order. Other payment triggers include an employee experiencing symptoms of COVID-19 while seeking a diagnosis. In those examples, payment is 100 percent of the employee's regular rate of pay up to \$511 per day.

EPSL is also available when caring for others that are subject to an isolation order or have been advised by a health care provider to self-quarantine. School and childcare facility closures can be a burden for parents, and those events also trigger an EPSL payment. When caring for others, the benefit is two-thirds of the regular rate of pay up to \$200 per day. When EPSL is triggered for caring for one's own child whose school or place of childcare has closed, an Emergency Family Medical Leave Act (EFMLA) period is available for twelve weeks. EFMLA provides up to an additional ten weeks of paid leave at two-thirds the rate of regular pay, up to \$200 per day, upon expiration of the EPSL benefit. Job protection is offered unless exemptions apply.

While FFCRA is incredibly helpful for employers and employees alike, the Coronavirus Aid, Relief, and Economic Security Act (CARES) is an even more mammoth form of federal cash infusion. The CARES Act's \$2.3 trillion injection into the economy is the largest stimulus and economic relief package in US history. The key provisions for employers with under 500 employees are the

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100 percent federally guaranteed loans under the Payroll Protection Program (PPP) and the Economic Injury Disaster Loans & Emergency Economic Injury Grants (EIDL).

Under the PPP, cash flow assistance is provided to employers who maintain their payroll during the presumed worst of the viral outbreak. The PPP will forgive portions of the loan used for up to eight weeks of payroll expenses, including continuation of group healthcare and retirement benefits. The loan amount is generally the greater of 250 percent of an organization's monthly payroll costs or \$10 million. SBA 7(a) lenders are eligible to assist interested applicants. There was about \$350 billion appropriated for the PPP, and applications will be available to be taken very early in April. The PPP loans are first come, first serve.

The EIDL program can provide desperately needed cash for continuity of a business or nonprofit. The first \$10,000 is an emergency advance made within three days of applying through the Small Business Administration. This advance does not need to be repaid. Otherwise, the EIDLs are low interest loans of up to \$2 million with principal and interest deferment periods that vary. Funds can be used on additional payroll and operating expenses.

Businesses need to understand both programs as well as the additional financial and other relief that may be available under the CARES Act (and from alternative sources, as available) in order to make short- and long-term planning decisions. The CARES Act provides assistance to many businesses that may not meet the customary small business thresholds. Given the various qualification criteria, the programs and incentives enacted under the CARES Act must be evaluated separately for each business, considering industry, legal requirements, and financial and other contractual commitments during this challenging time.

In the next section, you can find more detailed information about the aforementioned SBA loan programs. Following that, we have included information tables for each of the alternative funding opportunities that are currently available.

Paycheck Protection Program ("PPP")

PPP loans (links to: [program overview](#), [application](#), & [fact sheet](#)) are 100% federally guaranteed loans for small businesses intended for companies to maintain their payroll levels and allow partial loan forgiveness, as described below. The loans are available until June 30, 2020, for eligible companies to cover the cost of:

- Payroll
- Health care benefits and related insurance premiums

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- Employee compensation (with some limitations for employees with salaries over \$100,000 and exclusions for employees based outside the U.S.)
- Mortgage interest obligations (but not principal)
- Rent and utilities
- Interest on debt incurred prior to the loan

The maximum amount of a PPP loan available to each borrower is equal to the lesser of: (a) \$10 million, or (b) 2.5 x its average total monthly payroll costs, as defined in the Act. Unlike most typical SBA loans, the PPP Loans are unsecured loans requiring no collateral, no personal guarantee, and no showing that credit is unavailable elsewhere. The PPP loan, to the extent not forgiven, has a maximum 10-year term and the interest rate may not exceed 4%. PPP loans will be made available through SBA-approved lenders, who must offer a 6-12 month deferment on payment of principal, interest, and fees.

A borrower of a PPP loan is eligible for loan forgiveness for amounts spent during the 8-week period after the origination date, subject to proper documentation, on (i) rent, (ii) defined payroll costs, (iii) mortgage interest, and (iv) utilities, not to exceed the principal of the loan. The amount of the PPP loan forgiveness may be reduced if the borrower reduces the number of employees or salaries and wages (for employees with annual salaries less than \$100,000) during the 8-week period following the origination of the loan. However, this reduction penalty doesn't apply to the extent the borrower restores their workforce count and salaries/wages by June 30, 2020.

To be eligible for a PPP loan, a company must be either (i) a small business concern under the SBA regulations, or (ii) a business concern, nonprofit organization, veterans' organization, or Tribal business concern that employs not more than 500 employees (or the number of employees in the size standard applicable to the borrower's industry, which for some industries is up to 1500 employees). Businesses in the Accommodation and Food Services Industry with more than 500 employees in multiple locations can avail themselves of the PPP loan program as long as they have 500 or fewer employees per location.

Notably, the CARES Act waives the SBA's affiliation rules for determining PPP program eligibility for certain specific categories of businesses, including businesses in the Accommodation and Food Services Industry, businesses operating as a franchise that are assigned a franchise identifier code in the SBA Franchise Directory (available [here](#)), and businesses that receive financial assistance from a licensed Small Business Investment Company. Given this limited waiver, subject to guidance expected from the SBA, the remainder of eligible businesses appear to be subject to the SBA's affiliation rules. These SBA rules would aggregate the number of an applicant's full-time and part-time employees with those of their domestic and foreign affiliates. Identifying which companies

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qualify as “affiliates” can be a fact-intensive inquiry under the SBA’s regulations, but the touchstone of affiliation is the ability to control a business concern. Forthcoming guidance from the SBA will hopefully clarify the application of the SBA’s affiliation rules to PPP loan applicants.

Eligible companies must have been in operation on February 15, 2020 and must have, as of that date, had employees for whom the entity paid salaries and payroll taxes, or paid independent contractors. Additionally, when applying for a PPP loan, a borrower must certify that the uncertainty of current economic conditions makes necessary the loan request to support the ongoing operations of the eligible recipient and acknowledge that the funds will be used to retain workers and maintain payroll or make mortgage payments, lease payments, and utility payments.

Economic Injury Disaster Loan (“EIDL”) Program

Another option for small businesses is the SBA’s existing EIDL Program, which was expanded by the CARES Act and provides for longer-term loans with favorable borrowing terms. Companies in all 50 states, District of Columbia, and some U.S. territories are eligible for EIDL loans relating to economic injury caused by the COVID-19 pandemic. While there are no loan forgiveness provisions applicable to EIDL loans, companies that have already applied for or received EIDLs due to economic injury attributable to the COVID-19 pandemic can seek to refinance their EIDL loans under the PPP to take advantage of the PPP’s loan forgiveness provisions. Additionally, while companies may be eligible for loans under both programs, they are unable to seek recovery under the EIDL loan for the same costs that are covered by a PPP loan.

The CARES Act expanded EIDL eligibility for the period between January 31, 2020 and December 31, 2020, to include any business with not more than 500 employees, any individual operating under a sole proprietorship or as an independent contractor, and any cooperative, ESOP or tribal small business concern with not more than 500 employees. Subject to guidance from the SBA, these applicants would also appear to still be subject to the SBA’s affiliation rules governing financial assistance programs. Entities previously eligible to receive SBA EIDLs, including small business concerns, private nonprofit organizations and small agricultural cooperatives, remain eligible for such loans under the more favorable terms authorized by the CARES Act.

To qualify for an EIDL under the CARES Act, the applicant must have suffered “substantial economic injury” from COVID-19. EIDL loans under the CARES Act are based on a company’s actual economic injury determined by the SBA (less any recoveries such as insurance proceeds) up to \$2 million. EIDL loans may be used for payroll and other costs as well as to cover increased costs due to supply chain interruption, to pay obligations that cannot be met due to revenue loss and for other uses. The interest rate on

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EIDL loans is 3.75% fixed for small businesses and 2.75% for nonprofits. The EIDL loans have up to a 30-year term and amortization (determined on a case-by-case basis).

The CARES Act also permits applicants to request an advance of up to \$10,000 to pay allowable working capital needs; the advance is expected to be paid by the SBA within 3 days. This advance is essentially a grant and is not required to be repaid, even if the application is denied, but the amount of the advance must be deducted from any loan forgiveness amounts under a PPP loan, described above.

EIDLs under the CARES Act do not require personal guarantees for loans up to \$200,000, but do require personal guarantees by owners of more the 20% of the borrower for loans in excess of that amount. The CARES Act waives the requirement for the borrower to demonstrate that it is unable to obtain credit elsewhere. However, unless changed by the SBA, it appears that the requirement for collateral on EIDL loans over \$25,000 would still apply, and, in processing a borrower's application, the SBA must make a determination that the applicant has the ability to repay the loan. Further, the SBA can approve a loan based solely on the credit score of the applicant or other means of determining the applicant's ability to repay the loan, without requiring the submission of tax returns, which should expedite approval of EIDLs during the covered period.

Given the very favorable terms of these two SBA loan programs and the potential for loan forgiveness under PPP loans, eligible small businesses who have been economically impacted by the COVID-19 pandemic should strongly consider taking advantage of these loan programs. Applications for EIDL loans should be submitted directly to the SBA, while PPP loans will be available from SBA-approved lenders.

Related:

[Facebook Just Announced a \\$100 Million Grant Program for Small Businesses](#)

[Google Pledges Over \\$800 Million to Combat Covid-19, Including Free Google Ads Credits for Small and Midsize Companies](#)

TABLE 1.0

LOANS AVAILABLE IN THE CARES ACT			
PROGRAM	EXPANDED EIDL & EMERGENCY GRANTS [SBA 7(b) LOANS]	PAYCHECK PROTECTION PROGRAM (PPP) [EMERGENCY SBA 7(a) LOANS]	MID-SIZE LOAN PROGRAM
DESCRIPTION	Existing EIDL program expanded to more for-profit entities, applies looser credit standards, & creates rapid grant procedure	Emergency loan program for nonprofits & for-profit entities to secure funds to pay staff & operating costs for two months, and secure full loan forgiveness under certain circumstances	Largely undefined loan program to be created by the Treasury Department to fill gap between PPP for smaller employers & industry stabilization loans to big business
SIZE ELIGIBILITY	Existing EIDL limits for nonprofits	500 or fewer employees	Between 500 & 10,000 employees
DOLLAR AMOUNT	Normal EIDL loans available up to \$2 million; EIDL advances of \$10,000 paid within 3 days	The lesser of \$10 million or 2.5 times the average monthly payroll costs from the one-year period (look back) prior to the date of application. Express 7(a) loans available up to \$1 million	Unspecified
LOAN PROCESSOR	Small Business Administration	Local financial institutions	Local financial institutions
PERSONAL GUARANTEE	Waives personal guarantee up to \$200,000, and requirement of inability to obtain credit elsewhere	No collateral or personal guarantee required	Unspecified
CERTIFICATION	Self-certification under penalty of perjury	Good-faith certification needed for the loan is based on economic conditions; funds to be used to retain workers and maintain payroll or make mortgage, lease, & utility payments; and no duplicate application or receipt of funds for same purposes	Good-faith certification that need is based on economic conditions; funds to be used to retain & restore employment, won't abrogate collective bargaining agreements, & will remain neutral in union organizing efforts, among other things
LOAN USE	\$10,000 advance: Paid sick leave, meeting payroll, increased costs due to disrupted supply chain, mortgage, debt service	Payroll costs, mortgage interest payments, rent, utilities, & interest on prior debt during the 8-week period following loan origination; available for small businesses (incl. sole proprietorships, independent contractors, & self-employed persons), private nonprofit organizations, or 501 (c)(19) veterans organizations affected by COVID-19	To retain 90% of workforce at full wages & benefits through 9/30/2020 and intention to restore 90% of workforce in place on 2/1/2020

TABLE 1.0 continued...

PROGRAM	EXPANDED EIDL & EMERGENCY GRANTS [SBA 7(b) LOANS]	PAYCHECK PROTECTION PROGRAM (PPP) [EMERGENCY SBA 7(a) LOANS]	MID-SIZE LOAN PROGRAM
LOAN TERMS	<ul style="list-style-type: none"> - Normal EIDL: 3.75% - \$10,000 advance treated as a grant 	<ul style="list-style-type: none"> - 1% interest rate - First 6 months of payments (<i>principal & interest</i>) automatically deferred - Maturity of 2 years - No government or lender fees 	<ul style="list-style-type: none"> - Interest capped at 2% per annum - No principal or interest paid for the first 6 months
LOAN FORGIVENESS	\$10,000 advance forgiven even if borrower denied EIDLs	SBA will forgive loans if all employees are kept on payroll for eight weeks & the money is used for payroll, rent, mortgage interest, or utilities; loan payments will be deferred for 6 months	<u>Expressly prohibited in statute</u>
KEY DEFINITIONS	<p>COVERED PERIOD: means 1/31/2020 through 12/31/2020</p> <p>ELIGIBLE ENTITY: means a business with 500 or fewer employees</p>	<p>COVERED PERIOD: means the 8- week period following loan origination</p> <p>EMPLOYEE: means an individual working on a full-time, part-time, or other basis</p> <p>PAYROLL COSTS: include compensation (+ <i>benefits costs</i>) paid to employees & contractors, capped at \$100,000/year per individual (<i>prorated over the "covered" period</i>), & state/local payroll taxes</p>	
APPLICATION & DOCUMENTATION	<p>For emergency EIDL grant, apply here now</p> <p>For normal EIDLs, complete SBA Form 5</p>	<p>Apply through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, & Farm Credit System institution that is participating; available documents include: program overview, application, fact sheet, & interim guidance</p>	To be announced

TABLE 2.0

LOANS AVAILABLE IN THE SBA'S 7(a) LOAN PROGRAM			
NOTE: THE LANGUAGE USED IN THE LEFT COLUMN OF THIS TABLE (2.0) & THE NEXT TABLE (3.0) DIFFERS FROM THE PREVIOUS TABLE (1.0).			
PROGRAM	STANDARD 7(a)	7(a) SMALL LOAN	SBA EXPRESS
DESCRIPTION	SBA's primary program for providing financial assistance to small businesses	Smaller version of SBA's 7(a) program for providing financial assistance to small businesses	SBA Express program features an accelerated turnaround time for SBA review; SBA will respond to your application within 36 hours
MAXIMUM LOAN AMOUNT	\$5 million	\$350,000	\$350,000
MAXIMUM SBA GUARANTEE %	85% for loans up to \$150,000 & 75% for loans greater than \$150,000	85% for loans up to \$150,000 & 75% for loans greater than \$150,000	50%
INTEREST RATE	Lenders & borrowers can negotiate the interest rate, but it may not exceed the SBA maximum	Lenders & borrowers can negotiate the interest rate, but it may not exceed the SBA maximum	Lenders & borrowers can negotiate the interest rate, but it may not exceed the SBA maximum
ELIGIBILITY DECISION	By the SBA; qualified lenders may be delegated authority (Preferred Lender Program = PLP) to make eligibility determinations without SBA review	By the SBA; qualified lenders may be delegated authority (Preferred Lender Program = PLP) to make eligibility determinations without SBA review	Made by the lender
REVOLVING LINES OF CREDIT	Up to 10 years (<i>Permitted only under CAPLines submission—see Table 4.0</i>)		Up to 7 years with maturity extensions permitted at the outset
SBA TURNAROUND TIME	5-10 business days	5-10 business days	Within 36 hours
FORMS	SBA Form 1919 & SBA Form 1920	SBA Form 1919 & SBA Form 1920 are required for every loan (other SBA forms may be required)	Lender primarily uses own forms & procedures, plus SBA Form 1919

TABLE 2.0 continued...

PROGRAM	STANDARD 7(a)	7(a) SMALL LOAN	SBA EXPRESS
COLLATERAL	<ul style="list-style-type: none"> - Lenders are not required to take collateral for loans up to \$25,000 - For loans in excess of \$350,000, the SBA required that the lender collateralize the loan to the maximum extent possible up to the loan amount - If business fixed assets do not “fully secure” the loan the lender may include trading assets (using 10% of current book value for the calculation) and must take available equity in the personal real estate (residential & investment) of the principals as collateral 	<ul style="list-style-type: none"> - Lenders are not required to take collateral for loans up to \$25,000 - For loans over \$25,000, up to and including \$350,000, the lender must follow the collateral policies & procedures that it has established & implemented for its similarly-sized non-SBA-guaranteed commercial loans, but at a minimum the lender must take a first lien on assets financed with loan proceeds and lender must take a lien on all of the applicant’s fixed assets including real estate - Lenders are not required to take a lien against applicant’s real estate when the equity is less than 25% of the fair market value - Lenders may limit the lien taken against real estate to the loan amount 	<ul style="list-style-type: none"> - Lenders are not required to take collateral for loans up to \$25,000 - May use their existing collateral policy for loans over \$25,000 up to \$350,000
CREDIT DECISION	By the SBA; qualified lenders may be delegated authority (Preferred Lender Program = PLP) to make credit decisions without SBA review	By the SBA; qualified lenders may be delegated authority (Preferred Lender Program = PLP) to make credit decisions without SBA review	Made by the lender
PURCHASE			Lender may request expedited SBA purchase on small loans or in situations where liquidation may be delayed

TABLE 3.0

LOANS AVAILABLE IN THE SBA'S 7(a) LOAN PROGRAM continued...			
<i>NOTE: THE LANGUAGE USED IN THE LEFT COLUMN OF THIS TABLE (2.0) & THE NEXT TABLE (3.0) DIFFERS FROM THE PREVIOUS TABLE (1.0).</i>			
PROGRAM	EXPORT EXPRESS	EXPORT WORKING CAPITAL	INTERNATIONAL TRADE
DESCRIPTION	Export Express program provides exporters & lenders a streamlined method to obtain SBA-backed financing for loans & lines of credit up to \$500,000; lenders use their own credit decision process & loan documentation; SBA will respond to your application within 24 hours	Export Working Capital loans are for businesses that can generate export sales & need additional working capital to support these sales; lenders review & approve applications & submit the request to the U.S. Export Assistance Center location servicing the exporter's region.	International Trade loans provide long-term financing to businesses that are expanding because of growing export sales, or that have been adversely affected by imports & need to modernize to meet foreign competition. Businesses can use International Trade loans for fixed assets for construction, building, real estate equipment, & for working capital for export transactions.
MAXIMUM LOAN AMOUNT	\$500,000	\$5 million	\$5 million
MAXIMUM SBA GUARANTEE %	95% for loans of \$350,000 or less, 75% for loans more than \$350,000	90%	90%
INTEREST RATE	Lenders & borrowers can negotiate the interest rate, but it may not exceed the SBA maximum	Lenders & borrowers can negotiate the interest rate & there is not SBA maximum interest rate limit	Lenders & borrowers can negotiate the interest rate, but it may not exceed the SBA maximum
ELIGIBILITY DECISION	Made by the lender	By the SBA; qualified lenders may be delegated authority (Preferred Lender Program = PLP) to make eligibility determinations without SBA review	Made by the SBA

TABLE 3.0 continued...

PROGRAM	EXPORT EXPRESS	EXPORT WORKING CAPITAL	INTERNATIONAL TRADE
REVOLVING LINES OF CREDIT	May not exceed 7 years	Terms of 12 months or less	LOAN MATURITY: 10 years for permanent working capital, up to 10 years for machinery & equipment or the useful life of the equipment (not to exceed 15 years), & up to 25 years for real estate
SBA TURNAROUND TIME	24 hours	5-10 business days	5-10 business days
FORMS	Lender primarily uses own forms & procedures, plus SBA Form 1919	SBA-EIB 84-1 , plus attachments	
COLLATERAL	<ul style="list-style-type: none"> - Lenders follow collateral policies & procedures that the lender has established for its non-SBA-guaranteed loans 	<ul style="list-style-type: none"> - Export-related inventory & receivables generated by export sales financed with EWCP funds - SBA also required personal guarantee of owners with 20% or more ownership 	
CREDIT DECISION	Made by the lender	By the SBA	Made by the SBA

TABLE 4.0

ADDITIONAL PROGRAMS OFFERED BY THE SBA <i>NOTE: THE LANGUAGE USED IN THE LEFT COLUMN OF THIS TABLE (4.0) DIFFERS FROM THE PREVIOUS TABLES.</i>			
PROGRAM	PREFERRED LENDERS	VETERANS ADVANTAGE	CAPLINES
DESCRIPTION	<ul style="list-style-type: none"> - Under the Preferred Lenders program, the SBA gives select lenders more authority to process, close, service, & liquidate SBA-guaranteed loans - An SBA field office serving the area in which a lender's office is located can nominate the lender, or the lender can ask a field office to consider it for preferred status 	<ul style="list-style-type: none"> - Veteran-owned businesses are one of the fastest-growing & significant segments of the U.S. economy - SBA loans made to veteran-owned small businesses come with reduced fees 	<ul style="list-style-type: none"> - CAPLines is an umbrella program that helps small businesses meet their short-term & cyclical working-capital needs - With the exception of the Builders CAPLine, the maximum maturity on a CAPLine loan is 10 years - Builders CAPLine loans must not exceed 5 years - Holders of at least 20% ownership in the applicant business are required to guarantee the loan
ELIGIBILITY	<ul style="list-style-type: none"> - In making its decision, the SBA considers whether to lender: <ul style="list-style-type: none"> ➤ Has the ability to process, close, service, & liquidate loans ➤ Had the ability to develop & analyze complete loan packages ➤ Has satisfactory SBA performance 	<ul style="list-style-type: none"> - To be eligible to receive fee relief through the Veterans Advantage program, a small business must be at least 51% owned & controlled by someone in one of the following groups: <ul style="list-style-type: none"> ➤ Honorably discharged veterans ➤ Active Duty Military service member eligible for the military's Transition Assistance Program (TAP) 	<ul style="list-style-type: none"> - It features 4 lines: <ol style="list-style-type: none"> 1) Seasonal CAPLine: Borrowers must use the loan proceeds solely to finance the seasonal increases of accounts receivable & inventory—or in some cases associated increased labor costs; it can be revolving or non-revolving 2) Contract CAPLine: This line finances the direct labor & material costs associated with performing assignable contracts; it can be revolving or non-revolving

TABLE 4.0 continued...

PROGRAM	PREFERRED LENDERS	VETERANS ADVANTAGE	CAPLINES
ELIGIBILITY		<ul style="list-style-type: none"> ➤ Service-disable veterans ➤ Reservists &/or active National Guard members ➤ Current spouse of any veteran, active duty service member, Reservist, National Guard member, or the widowed spouse of a service member who died while in service or as a result of a service-connected disability 	<p>3) Builders CAPLine: This line can finance direct labor & material costs for a small general contractor or builder constructing or renovating commercial or residential buildings; the building project serves as the collateral, & loans can be revolving or non-revolving</p> <p>4) Working CAPLine: This is an asset-based revolving line of credit for businesses unable to meet credit standards associated with long-term credit; it provides financing for cyclical growth, recurring &/or short-term needs; repayment comes from converting short-term assets into cash, which is remitted to the lender; businesses continually draw from this line of credit, based on existing assets, & repay as their cash cycle dictates; this line generally is used by businesses that provide credit to other businesses; because these loans require continual servicing & monitoring of collateral, additional fees may be charged by the lender</p>

TABLE 5.0

PILOT LOAN PROGRAMS OFFERED BY THE SBA		
<i>NOTE: THE LANGUAGE USED IN THE LEFT COLUMN OF THIS TABLE (5.0) DIFFERS FROM THE PREVIOUS TABLES.</i>		
PROGRAM	COMMUNITY ADVANTAGE	EXPRESS BRIDGE
DESCRIPTION	The SBA launched the Community Advantage (CA) loan program to assist small businesses in underserved markets; in the CA program, community-based, mission-focused lenders meet the credit, management, & technical assistance needs of small businesses in underserved markets	The Express Bridge loan program allows SBA Express lenders to provide expedited financing to small businesses located in declared disaster areas; Express Bridge loans are intended to be interim loans; businesses use these funds for disaster-related purposes while they apply for & await long-term financing
MAXIMUM LOAN AMOUNT	\$250,000	\$25,000
MAXIMUM SBA GUARANTEE %	85% for loans up to \$150,000; 75% for loans greater than \$150,000; & 90% for International Trade loans	50%
MAX INTEREST RATE & MATURITY	Max Interest Rate: Prime +6%	Max Maturity: 7 years
SBA TURNAROUND TIME	5-10 days	
PROGRAM EXPIRATION DATE	March 31, 2020 <i>[The program's expiration date may be extended due to the current global pandemic]</i>	September 30, 2020

TABLE 5.0 continued...

PROGRAM	COMMUNITY ADVANTAGE	EXPRESS BRIDGE
LENDER ELIGIBILITY	<p>The following types of organizations are eligible to become CA lenders:</p> <ul style="list-style-type: none"> ➤ Certified Development Companies (CDCs) ➤ Microloan program intermediaries ➤ Intermediary Lending Pilot (ILP) program intermediaries ➤ Non-federally regulated Community Development Financial Institutions (CDFIs) certified by the U.S. Treasury Department 	<ul style="list-style-type: none"> - Only lenders that were already participating in the SBA Express program at the time of the disaster can issue Express Bridge loans - These lenders may issue Express Bridge loans only to eligible small businesses that had an existing banking relationship with the lender at the time of the disaster - Lenders can issue Express Bridge loans up to 6 months after the disaster declaration - Lenders may require a borrower to pay down or pay off the Express Bridge loan if the borrower is approved for long-term financing that may be used to reimburse the Express Bridge loan
LENDER REQUIREMENTS & CONSIDERATIONS	<p>Lenders in the CA program must maintain at least 60% of their SBA loan portfolio in underserved markets, defined as follows:</p> <ul style="list-style-type: none"> ➤ Low-to-Moderate Income (LMI) communities ➤ Businesses where more than 50% of the full-time workforce is low-income or resides in LMI census tracts ➤ Empowerment Zones & Enterprise Communities ➤ HUBZones ➤ Businesses in operation less than 2 years ➤ Businesses eligible for SBA Veterans Advantage ➤ Promise Zones ➤ Opportunity Zones ➤ Rural Areas 	<p>The SBA has simplified the underwriting process for the Express Bridge program; when underwriting an Express Bridge loan, lenders have to consider only the following:</p> <ul style="list-style-type: none"> ➤ A minimum acceptable credit score of 140 for the applicant issued by E-Tran upon submission of the loan application for screening ➤ A personal credit score for each guarantor ➤ Lenders must obtain a signed IRS Form 4506-T & an IRS tax transcript ➤ For businesses in operation prior to the disaster but not long enough to have been required to file a tax return, lenders must provide an alternative to verify existence of the business
BUSINESS ELIGIBILITY		<p>To be eligible for an Express Bridge loan, a small business must be located, at the time of the disaster, in a county that's been declared as a disaster area, or any contiguous county; the loan must be used to support the survival and/or reopening of the small business within the affected county; read the program guide for complete details about the Express Bridge loan program</p>

TABLE 6.0

<p>7(a) SECONDARY MARKET FOR LOANS BACKED BY THE SBA</p> <p><i>Through the active secondary market for loans backed by the SBA, lenders can sell the guaranteed portion of an SBA loan, increasing borrower's liquidity & enabling the issuance of more loans</i></p>
<p>CHANGES MADE TO SBA SECONDARY MARKET POOLING PROGRAM</p> <p>The SBA recently made changes to the Secondary Market Pooling Program; based on feedback received from SBA Pool Assemblers, the SBA is supplementing guidance provided in Federal Register Notice of October 16, 2017 (FR Vol 82, No. 198, p. 48144) with the following documents:</p> <ul style="list-style-type: none"> ➤ Secondary Market Reallocation FAQ ➤ Supplement to Secondary Market Reallocation FAQ
<p>ACTIVE 7(a) LOAN POOL ASSEMBLERS</p> <p>The SBA maintains an updated list of its approved active 7(a) loan pool assemblers; the list also provides the primary point of contact for each active pool assembler in order to address any questions that may arise from the lending community</p>
<p>SECONDARY MARKET PROGRAM SUMMARY</p> <p>The SBA retains secondary market program summaries for 7(a) loans per fiscal year; the summaries include, but are not limited to, historical data & analytics in loans sold into the secondary market, distribution of sales premium, & loan pooling activity</p>
<p>MULTI-PARTY AGREEMENTS</p> <p>These template agreements are used for secured credit & SBA securitizations involved 7(a) loans; you must obtain these documents with requests for the SBA's approval for these types of financing</p>
<p>FISCAL & TRANSFER AGENT (FTA)</p> <p>Colson Services Corp. serves as FTA for the SBA's 7(a) loan program; as FTA, Colson serves as a central registry of owners of guaranteed interests & of all SBA-guaranteed interests sold or resold in the secondary market</p>

TABLE 7.0

TERMS, CONDITIONS, & ELIGIBILITY

The SBA sets the guidelines that govern the 7(a) loan program; lenders refer to these conditions to determine which businesses they can lend to & the type of loans they can issue; the specific terms of SBA loans are negotiated between borrower & participating lender, subject to SBA requirements; in general, the following provisions apply to all SBA 7(a) loans

LOAN AMOUNTS

- Most 7(a) loans have a max amount of \$5 million; *SBA Express loans* → max amount of \$350,000; *SBA Export Express loans* → max amount of \$500,000
- The SBA's maximum exposure is \$3.75 million (\$4.5 million under the International Trade loan); if a business received an SBA-guaranteed loan for \$5 million, the maximum guaranty to the lender will be \$3.75 million, or 75%; the guaranty percentage varies depending on the loan amount & program type

MATURITY TERMS

- SBA loan programs are generally intended to encourage longer-term small business financing; loan maturities are based on the ability to repay, the purpose of the loan proceeds, & the useful life of the assets financed; the maximum maturities for SBA loans are as follows:
 - 25 years for real estate
 - 10 years for equipment
 - 10 years for working capital or inventory loan
- The maximum maturity of loans used to finance fixed assets other than real estate will be limited to the economic life of those assets, in no instance to exceed 25 years; the 25-year maximum will generally apply to the acquisition &/or improvements of land & buildings or the refinancing of debt incurred in their acquisition
- Where business premises are to be constructed or significantly renovated, the 25-year maximum would be in addition to the time needed to complete construction (*significant renovation means construction of at least one-third of the current value of the property*)
- When loan proceeds will be used for a combination of purposes, the maximum maturity can be a blended maturity based on the use of proceeds or up to the maximum for the asset class comprising the largest percentage of the use of proceeds

TABLE 7.0 continued...

INTEREST RATES
<ul style="list-style-type: none"> - Interest rates are negotiated between the borrower & the lender, but are subject to SBA maximums, which are pegged to the prime rate, the LIBOR rate, or an optional peg rate; interest rates may be fixed or variable; interest rates for variable rate loans are as follows: <ul style="list-style-type: none"> ➤ \$25,000 or less → max rate if maturity is <u>less</u> than 7 years: <i>Base rate + 4.25%</i> → max rate if maturity is <u>more</u> than 7 years: <i>Base rate + 4.75%</i> ➤ \$25,000 to \$50,000 → max rate if maturity is <u>less</u> than 7 years: <i>Base rate + 3.25%</i> → max rate if maturity is <u>more</u> than 7 years: <i>Base rate + 3.75%</i> ➤ \$50,000 or more → max rate if maturity is <u>less</u> than 7 years: <i>Base rate + 2.25%</i> → max rate if maturity is <u>more</u> than 7 years: <i>Base rate + 2.75%</i> - Variable rate loans may be pegged to the lowest prime rate, the LIBOR Rate, or the SBA optional peg rate; the optional peg rate is a weighted average of rates the federal government pays for loans with maturities similar to the average SBA loan; it is calculated quarterly & published in the Federal Register - The lender & the borrower negotiate the amount of the spread, which will be added to the base rate; an adjustment period is selected which will identify the frequency at which the note rate will change; it must not be more often than monthly & it must be consistent (e.g. monthly, quarterly, semi-annually, annually, or any other defined period) - The maximum rate for SBA Express & Export Express loans is Prime + 6.5% for loans of \$50,000 or less; for loans over \$50,000, it is Prime + 4.5% - The interest rate for fixed rate loans are as follows: <ul style="list-style-type: none"> ➤ \$25,000 or less → Prime Rate in effect on the first business day of the month, plus 6.0% (600 basis points) plus the 2.0% (200 basis points) permitted by 13 CFR 120.215 ➤ \$25,000 to \$50,000 → Prime Rate in effect on the first business day of the month, plus 6.0% (600 basis points) plus the 1.0% (100 basis points) permitted by 13 CFR 120.215 ➤ \$50,000 to \$250,000 → Prime Rate in effect on the first business day of the month, plus 6.0% (600 basis points) ➤ \$250,000 or more → Prime Rate in effect on the first business day of the month, plus 5.0% (500 basis points)
PERCENTAGE OF GUARANTY
<ul style="list-style-type: none"> - For most 7(a) loan programs, the SBA can guarantee up to 85% of loans of \$150,000 or less, & up to 75% of loans above \$150,000 - SBA Express loans carry a maximum of 50% guaranty & Export Express loans carry a maximum 90% guaranty - Export Working Capital loan program & International Trade loans carry a maximum of 90% guaranty, up to a guaranteed amount of \$4.5 million

TABLE 7.0 continued...

FEES		
GROSS LOAN SIZE	FEES (See NOTE 1)	NOTES
Loans of \$150,000 or less (See NOTE 2)	2% of guaranteed portion; lenders are authorized to retain 25% of the fee	Maturities that exceed 12 months
SBA Express Loans to qualified Veterans & Spouses up to \$350,000	Zero (when program is zero subsidy)	Maturities that exceed 12 months
\$150,001 to \$700,000	3% of guaranteed portion	Maturities that exceed 12 months
\$700,001 to \$5,000,000 (See NOTE 3)	3.5% of guaranteed portion up to \$1 million PLUS 3.75% of guaranteed portion over \$1 million	Maturities that exceed 12 months
Short-Term Loans	0.25% of the guaranteed portion	Maturities of 12 months or less
SBA On-Going Guaranty Fee	Percentage of the outstanding balance of guaranteed portion; fee is set at time of approval	Paid by lender & cannot be passed on to borrower
<p>NOTE 1: The SBA specifies the amount of certain fees each fiscal year for all loans approved during that year</p> <p>NOTE 2: For example, the guaranty fee on a \$100,000 loan with an 85% guaranty would be 2% of \$85,000 or \$1,700, of which the lender may retain \$425</p> <p>NOTE 3: For example, the guaranty fee on a \$5,000,000 loan with a 75% guaranty (\$3.75 million guaranteed portion) would be 3.5% of \$1,000,000 (\$35,000) plus 3.75% of \$2,750,000 (\$103,125), which totals \$138,125</p>		
PROHIBITED FEES		
<ul style="list-style-type: none"> - Processing fees, origination fees, application fees, points, brokerage fees, bonus points, & other fees that could be charged to an SBA loan applicant are prohibited - The only time a commitment fee may be charged is for a loan made under the Export Working Capital loan program 		
ELIGIBILITY REQUIREMENTS		
<ul style="list-style-type: none"> - While the vast majority of businesses are eligible for financial assistance from the SBA, some are not - Eligible businesses must: <ul style="list-style-type: none"> ➤ Operate for profit ➤ Be engaged in, or propose to do business in, the U.S. or its territories ➤ Have reasonable owner equity to invest ➤ Use alternative financial resources, including personal assets, before seeking financial assistance 		

TABLE 7.0 continued...

SPECIAL CONSIDERATIONS
<p>- Special considerations apply to some types of businesses & individuals:</p> <ul style="list-style-type: none"> ➤ Franchises are eligible, except in situations where a franchisor retains power to control operations to such an extent as to be tantamount to an employment contract; the franchisee must have the right to profit from efforts commensurate with ownership ➤ Recreational facilities & clubs are eligible provided: (a) the facilities are open to the general public, or (b) in membership-only situations, membership is not selectively denied to any particular group of individuals, & the number of memberships is not restricted either as a whole or by establishing maximum limits for particular groups ➤ Farms & agricultural businesses are eligible; however, these applicants should first explore the Farm Service Agency (FSA) programs, particularly if the applicant has a prior or existing relationship with FSA ➤ Fishing vessels are eligible; however, those seeking funds for the construction or reconditioning of vessels with a cargo capacity of five tons or more must first request financing from the National Marine Fisheries Service (NMFS), a part of the U.S. Commerce Department ➤ Medical facilities such as hospitals, clinics, emergency outpatient facilities, and medical & dental laboratories are eligible; convalescent & nursing homes are eligible, provided they are licensed the by appropriate government agency & services rendered go beyond those of room & board ➤ An Eligible Passive Company (EPC) is a small entity that does not engage in regular & continuous business activity; an EPC must use loan proceeds to acquire or lease, &/or improve or renovate real or personal property that it leases to one or more Operating Companies for conducting the Operating Company's business; the EPC must comply with the conditions set forth in 13 CFR Sec 120.111 ➤ Change of ownership: loans for this purpose are eligible provided the business benefits from the change; in most cases, this benefit should be seen in promoting the sound development of the business or, perhaps, in preserving its existence; loans cannot be made when proceeds would enable a borrower to purchase: (a) a part of a business in which it has no present interest, or (b) part of an interest of a present & continuing owner; loans to effect a change of ownership among members of the same family are discouraged ➤ Legal aliens are eligible; however, consideration is given to the type of status possessed (e.g. resident, lawful temporary resident, etc.) in determining the degree of risk relating to the continuity of the applicant's business; excessive risk may be offset by full collateralization; the various types of visas may be discussed in more detail with the local SBA office; use USCIS Form G-85 for verification of citizenship ➤ Probation or parole: applications will not be accepted from firms where a principal (any one of those required to submit a personal history statement, SBA Form 912) is currently incarcerated, on parole, or on probation; is a defendant in a criminal proceeding; or whose probation or parole is lifted expressly because it prohibits an SBA loan; this restriction would not necessarily preclude a loan to a business where a principal had responded in the affirmative to any one of the questions on the Statement of Personal History; these judgments are made one a case-by-case evaluation of the nature, frequency, & timing of the offenses; fingerprint cards (available for the local SBA office) are required any time a question on the form is answered affirmative

TABLE 7.0 continued...

INELIGIBLE BUSINESSES

- Ineligible businesses include those engaged in illegal activities, loan packaging, speculation, multi-sales distribution, gambling, investment or lending, or where the owner is on parole
- Specific types of businesses not eligible include:
 - Real estate investment firms, when the real property will be held for investment purposes as opposed to loans to otherwise eligible small business concerns for the purpose of occupying the real estate being acquired
 - Firms involved in speculative activities that develop profits from fluctuations in price rather than through the normal course of trade, such as wildcatting for oil & dealing in commodities futures, when not part of the regular activities of the business
 - Dealers or rare coins & stamps are not eligible
 - Firms involved in lending activities, such as banks, finance companies, factors, leasing companies, insurance companies (not agents), & any other firm whose stock in trade is money
 - Pyramid sales plans, where a participant's primary incentive is based on the sales made by an ever-increasing number of participants; such as cosmetics, household goods, & other soft goods lend themselves to this type of business
 - Firms involved in illegal activities that are against the law in the jurisdiction where the business is located; while this precludes loans to racetracks, casinos, & similar enterprises, the rule does not restrict loans to otherwise eligible businesses, which obtain less than one-third of their annual gross income from either the sale of official state lottery tickets under a state license, or legal gambling activities licensed & supervised by a state authority
 - Charitable, religious, or other nonprofit or eleemosynary institutions, government-owned corporations, consumer & marketing cooperatives, & churches and organizations promoting religious objectives are not eligible

TABLE 8.0

<h3 style="text-align: center;">SBA GRANT PROGRAMS & ELIGIBILITY</h3> <p style="text-align: center; color: #d9534f;"><i>Learn about available SBA grants & cooperative agreements to find out if you meet the requirements to apply</i></p>	
<h4>HOW TO APPLY</h4>	
<ul style="list-style-type: none"> ➤ You can find complete application instructions & announcements of award availability at grants.gov ➤ For those looking for financial assistance due to COVID-19, the SBA website is still directing people to their dedicated <i>COVID-19 Financial Assistance</i> page here 	
<h4>GENERAL REQUIREMENTS</h4>	
<p>There are specific requirements for recipients of an SBA grant; make sure you can meet the legal & administrative prerequisites before you apply (full terms & conditions for SBA grant programs is available here)</p> <p>In addition, you should understand the uniform administrative requirements, cost principles, & audit requirements for federal awards → view here</p>	
<h4>SBA-ASSOCIATED AWARD PROGRAMS</h4>	
PROGRAM NAME	DESCRIPTION
Boots to Business (B2B) Funding Opportunity	This funding opportunity is addressed exclusively to Boots to Business (B2B) grantees; through this program, the SBA supports your organization for a period of 5 years; LEARN MORE
Federal & State Technology (FAST) Partnership Program	This is a one year funding opportunity for organizations to execute state/regional programs that increase the number of SBIR (innovation)/STTR (research & development) proposals; increase the number of SBIR/STTR awards; & better prepare SBIR/STTR awardees for commercial success; LEARN MORE
Veteran Business Outreach Centers	The Veterans Business Outreach Centers Cooperative Agreement provides quality counseling assistance & training events, particularly B2B events to transitioning service personnel & spouses of veterans, veteran & service-disabled small business owners and entrepreneurs; LEARN MORE
Service-Disabled Veteran Entrepreneurship Training Program (SDVETP)	This Cooperative Agreement aims to support organizations that currently deliver entrepreneurship training programs to service-disabled veteran entrepreneurs who aspire to be small business owners or currently own a small business; LEARN MORE
SCORE	This is a funding opportunity for a current recipient of an SBA SCORE award; in order to be eligible, you must be a current recipient of SBA funding to SCORE; for-profit businesses are not eligible for this award; LEARN MORE

TABLE 8.0 continued...

State Trade Expansion Program (STEP)	The purpose of this Funding Opportunity is to invite proposals for funding from eligible state entities interested in & capable of providing assistance & guidance to eligible small business concerns to increase the number of such firms that export & the value of small business exports; LEARN MORE
7(j) Management & Technical Assistance Services	This funding opportunity is for capable small businesses in Regions I - X interested in providing management & technical assistance/guidance to eligible small business concerns under the U.S. Small Business Administration's 7(j) Management & Technical Assistance Program; LEARN MORE
Program for Investors in Microentrepreneurs (PRIME)	This grant will provide funding for private, nonprofit microenterprise development organizations; microenterprise programs run by State/Local/Tribal Governments; or Indian tribes interested in providing assistance & guidance to disadvantaged microentrepreneurs and/or microenterprise development organizations; LEARN MORE
SBDC Northeast California	In order to fill the vacancy of the Host Institution for Northeast California SBDC Program, SBA invited proposals for funding from eligible entities which are institutions of higher education & Women's Business Centers; LEARN MORE
SBDC Pennsylvania	In order to fill the vacancy of the Host Institution for Northeast California SBDC Program, SBA invited proposals for funding from eligible entities which are institutions of higher education & Women's Business Centers; LEARN MORE
Portable Assistance Program	The purpose of this Funding Opportunity is to invite proposals for funding from entities currently funded by SBA as a Small Business Development Center (SBDC) Lead Center; each proposal must describe recent, serious economic conditions resulting from diminished business or government operations within a discrete area served by an SBDC network; proposals must include details plans to deliver technical assistance to the affected area with corresponding objectives & milestones to be accomplished; LEARN MORE
Veteran Federal Procurement Entrepreneur Training Program (VFPETP)	This funding opportunity is for current Veteran Federal Procurement Entrepreneur Training Program (VFPETP) recipient organizations only with an initial 12-month period and two options years on 12 months each; there are currently two procurement programs available through this award: (1) procurement opportunity for start-up small businesses & (2) procurement training for established small firms; LEARN MORE
Women Veteran Entrepreneurship Training Program (WVETP)	This funding opportunity is for current Veteran Federal Procurement Entrepreneur Training Program (VFPETP) recipient organizations only with an initial 12-month period and two options years on 12 months each; LEARN MORE

COMMONLY USED FORMS

Grants.gov maintains a [database of the forms](#) you may need when applying for an aware; here is a list of some of the more commonly used forms:

- [Federal Assistance \(SF-424\)](#)
- [Performance Progress Report](#)
- [Federal Financial Report \(SF-425\)](#)
- [Request for Advance Accrual or Reimbursement](#)



FUNDING RESEARCH

EMERGENCY FUNDING ASSISTANCE (COVID-19)