



Updated: April 2, 2020

## **SBA Loans Available to Business Owners**

On March 6, 2020, the Coronavirus Preparedness and Response Supplemental Appropriations Act became law and allowed the Small Business Administration (SBA) to establish the Economic Injury Disaster Loan (EIDL) Program. On March 27, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law by President Trump. This \$2.2 trillion stimulus bill includes \$349 billion in SBA loans and provisions around SBA loans that can be beneficial to dentists that own practices.

Through these pieces of legislation, there are different SBA loan options available to small businesses:

### **Economic Injury Disaster Loan Program**

The Emergency Injury Disaster Loan Program provides loans and grants to small business owners who have suffered substantial economic loss due to COVID-19 and are located in a “declared disaster area” (all counties in Georgia are “declared disaster areas” at this time).

### **Economic Injury Disaster Loan (EIDL)**

- EIDLs provide working capital of up to \$2 million for small businesses to meet the financial obligations and operating expenses that would have been met had the disaster not occurred. This includes employee sick leave, mortgage/rent, and other overhead expenses.
- From February 15, 2020 to June 6, 2020, the SBA can provide federally-backed loans that can be used to cover operational costs, including payroll, utilities, sick leave, family leave, and other overhead expenses.
- The interest rate for EIDL loans is 3.75% with up to a 30-year repayment, and 12 months with no payments required.
- Any EIDL made on or after January 31, 2020 can be refinanced as part of a covered loan under this program.
- It is possible to get a portion of the EIDL loan forgiven if the employer continues to pay employees full salaries for an 8-week period after the origination of the loan.
- Small businesses that have an EIDL loan on February 15, 2020 qualify to defer payments for 6 months to 1 year.

### **Emergency Economic Injury Grant**

- With the passage of the CARES Act, a small business that has applied for an EIDL can receive up to a \$10,000 grant within 3 days of applying for the loan.
- These grants are awarded on a **first come, first served basis** that will not have to be paid back. **For those interested, we encourage you to apply as soon as possible.**

- To apply for the Emergency Economic Injury Grant, there is a check off box for the applicant to check off for the request.

**To apply for the EIDL and the Emergency Economic Injury Grant, please visit <https://covid19relief.sba.gov/#/business-info>.**

### **Express Bridge Loan (EBL) Pilot Program**

- Effective on March 25, 2020, the Express Bridge Loan (EBL) Pilot Program provides loans of up to \$25,000 to small businesses adversely affected by the Coronavirus Disease (COVID-19) Emergency Declaration issued by President Trump.
- The small business must confirm that these loans will be used to support the survival or reopening of the business.
- These loans require far less paperwork and provide money in a quick turnaround to be used to bridge the gap while applying for other SBA loans or long-term financing.
- EBL loans issued because of the COVID-19 Emergency Declaration can be approved through March 13, 2021.
- The business must be in operation on March 13, 2020 to be eligible for this loan.
- Interest rates are capped at 6.5%, and the maximum term of a loan is 7 years.

**For more information and how to apply for the Express Bridge Loan (EBL) Pilot Program, contact your local SBA-approved banks or the Georgia SBA District Office at 404-331-0100.**

### **Paycheck Protection Program**

- The Paycheck Protection Program incentivizes small businesses with up to 500 employees to keep paying their employees by providing forgivable loans for payroll, rent, utilities, and other business expenses. **Solo business owners, self-employed, and independent contractors can apply as well.**
- Small businesses are eligible through this program for loans of up to 250% of their average monthly payroll expenses or \$10 million (whichever is less).
- The interest rate on these loans are 1% with up to a 2-year repayment and 6 months of no payment required.
- If the small business keeps employees on payroll for 8 weeks between February 15, 2020 and June 30, 2020, up to 100% of your loan used for payroll, rent, mortgage interest, or utilities may be forgiven if payoff happens by the end of 2020.
- If a small business has to lay off employees, loan forgiveness is contingent upon retaining 75% of the salaries of your employees. However, business that let go of employees before the origination loan will not be penalized.
- Existing borrowers with loan origination before February 15, 2020 can defer payments for up to 6 months, but no more than 1 year.
- **Applications for small business and sole proprietorships open on April 3, 2020.**
- **Applications for independent contractors and self-employed individuals open on April 10, 2020.**

**For more information and how to apply for the Paycheck Protection Program, contact your local SBA-approved lender. To find a local lender, please visit <https://www.sba.gov/local-assistance/find/>. For a copy of the application, visit**

<https://home.treasury.gov/system/files/136/Paycheck-Protection-Program-Application-3-30-2020-v3.pdf>

### **Small Business Debt Relief Program**

- The Small Business Debt Relief Program is intended to provide immediate relief to small business by covering all non-disaster loan payments on SBA loans, including principal, interest, and fees, for 6 months (does not apply to loans awarded by the Paycheck Protection Program or disaster loans).
- Non-disaster loan payments include 7(a) loans, 504 loans, and microloans:
  - 7(a) Loans: These loans provide up to \$5 million to businesses that lack credit elsewhere and need access to short-term or long-term funding needed to purchase an existing business, refinance current business debt, or purchase supplies for a business.
  - 504 Loans: These small business loans provide up to \$5.5 million in long-term, fixed-rate financing that use to acquire assets for business expansion or modernization.
  - Microloans: These loans are intended for start-up capital and are capped at \$50,000.

**For more information and how to apply for the Small Business Debt Relief Program, contact your local SBA-approved banks or the Georgia SBA District Office at 404-331-0100.**