

BUSINESS STRATEGIES: COPING WITH COVID-19

The CARES Act

What businesses need to know

Panelist

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Tools in the CARES Act Toolkit

The CARES Act: What Businesses Need To Know

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Setting the Table



- EIDL Advance
- EIDL Loan
- PPP
- Small Business Debt Relief Program
- SBA Express Bridge Loan

Economy Injury Disaster Loan (EIDL) Advance



- Simple application – see Screen-by-screen “How To”
- Advance means Grant – up to \$10k
- Will be direct deposited to your account if approved
- Provides a small amount of operating cash with fewer limitations on how to use than PPP

EIDL Loan

The screenshot shows the SBA Disaster Loan Assistance application form for COVID-19 Economic Injury Disaster Loan. The form is titled "Disaster Loan Assistance" and "Federal Disaster Loans for Businesses, Private Non-profits, Homeowners and Renters". It is a "COVID-19 ECONOMIC INJURY DISASTER LOAN APPLICATION". The form is divided into several sections: "STREAMLINED PROCESS REQUIREMENTS", "ELIGIBLE ENTITY VERIFICATION", and "Review and Check All of the Following". The "ELIGIBLE ENTITY VERIFICATION" section includes a "Choose One" dropdown menu with several options, such as "Applicant is a business with not more than 500 employees" and "Applicant is a private non-profit organization that is a non-governmental agency or entity that currently has an effective ruling letter from the IRS granting tax-exempt status under sections 501(c)(3), or 501(c)(29) of the Internal Revenue Code of 1986, or satisfactory evidence from the state that the non-revenue producing organization or entity is a non-profit organization or doing business under state law, or a faith-based organization." The "Review and Check All of the Following" section includes several checkboxes, such as "Applicant is not engaged in any illegal activity (as defined by Federal penalties)", "No principal of the Applicant with a 50 percent or greater ownership interest is more than sixty (60) days delinquent on child support obligations", and "Applicant is not in the business of lobbying". The form also includes a "Continue" button and contact information for the Customer Service Center at 1-800-559-2965 or TTY: 1-800-877-8339. The footer of the form includes the text "100 (Rev. 01/2020) Disaster Assistance - 1-800-438-2923 (TDD) 800-877-8339 (Voice) Washington, DC 20518".

- Same application that you used for EIDL Advance. SBA ODA contacts you to ask for more information
- *May provide a higher amount of cash (than Advance and PPP) in the form of a loan with favorable terms (3.75%, 2.75%) and a fair degree of flexibility in how it can be used*
- Personal guarantees over \$200k

Paycheck Protection Program (PPP)



- *Specific uses and program intent* – Keep people employed with their current employers
- *Access this program through an SBA-participating lender*
- *Terms – not a typical SBA 7a program*
 - Interest rate = 1%
 - 2 year term but can be forgiven (turned into a grant)
 - No personal guaranties
 - No collateral required
 - No fees – lender or SBA
 - No prepayment penalties
 - Loan payments will be deferred for six months

Small Business Debt Relief Program



A Financial Reprieve to Small Businesses

- *The SBA will automatically pay the principal, interest, and fees of current 7(a), 504, and microloans for a period of six months*
- *The SBA will also automatically pay the principal, interest, and fees of new 7(a), 504, and microloans issued prior to September 27, 2020*
- *For current SBA Disaster Loans (in good standing), the SBA is providing automatic deferments through December 31, 2020.*

Resources



- sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program-ppp
- coloradosbdc.org/COVID
- bouldersbdc.com/COVID
- OEDIT Small Business COVID-19 Disaster Response Hotline: 303-860-5881
- *Many more*