SBA: Economic Injury Disaster Loan and Payroll Protection Program

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SBA Loan Options

❖ **Economic Injury Disaster Loans (EIDL):** Small business loan to cover the temporary loss of revenue as a result of the COVID-19 pandemic
❖ **Payroll Protection Program (PPP):** Small business loan to keep workforce employed during the COVID-19 pandemic
# Economic Injury Disaster Loan (EIDL) Summary

| Loan Amount | EIDL can provide up to $2 million of financial assistance  
Actual loan amounts are based on amount of economic injury |
|------------|---------------------------------------------------------|
| Eligibility | Small businesses: independently owned and operated companies with 500 employees or less*  
Small agricultural cooperatives  
Most private nonprofit organizations  
Sole proprietorships*  
Independent contractors*  
Cooperatives with 500 or fewer employees* |
| Loan Terms | Interest rates: 3.75% for small businesses and 2.75% for non-profit organizations  
Loan terms up to 30 years  
Repayment will be determined by your ability to repay the loan |
| Loan Use | EIDL will provide loans for working capital  
Pay fixed debts (rent, etc.)  
Payroll, Wages, Employee Cost  
Outstanding Expenses Accounts Payable  
Other bills that can’t be paid because of the disaster’s impact  
Does not replace lost sales or revenue |
| Collateral | SBA requires collateral for loans of over $25,000 (can use real estate as collateral)  
SBA will not decline a loan for lack of collateral - requires borrowers to pledge what is available |

* Expanded eligibility under the CARES Act
## Payment Protection Program (PPP) Summary

| Loan Amount | 2.5 times average monthly payroll costs from 2019  
|            | Subject to $10 million cap |
| Eligibility | Small businesses: independently owned and operated companies with 500 employees or fewer  
|            | Most private nonprofit organizations  
|            | Sole proprietorships  
|            | Self-employed individuals  
|            | Independent contractors  
|            | Businesses in certain industries can have more than 500 employees if they meet [applicable SBA guidelines](#) |
| Loan Terms | Interest rate: 0.5% fixed rate  
|            | Loan terms up to 2 years |
| Loan Use | PPP loans are forgiven if the loan is used only for the following:  
|            | Salary, wages, commissions, or tips (Payroll costs capped at $100,000 annualized for each employee)  
|            | Employee benefits (incl. costs of vacation, parental, family, medical or sick leave; allowance for separation or dismissal; payments required for the provision of group health benefits; and payment of any retirement benefit)  
|            | State and local taxes assessed on compensation  
|            | For sole proprietor or independent contractor: wages, commissions, income, or net earnings for self-employment |
| Collateral | No collateral is required  
|            | No personal guarantee requirement |
How do I apply?

Emergency Injury Disaster Loans (EIDL)

Access Application Directly

❖ Online: Electronic Loan Application (ELA): https://disasterloan.sba.gov/ela
❖ Paper Loan: download from www.sba.gov/disaster
  ➢ Mailed to: US Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155

Required Documentation

☐ Completed SBA Loan Application (SBA Form 5) – submitted electronically or by mail
☐ Tax information Authorization (IRS Form 4506T)
☐ Complete copies of most recent Federal Income Tax Return
☐ Schedule of Liabilities (SBA Form 2202)
☐ Personal Financial Statement (SBA Form 413)

Payroll Protection Program (PPP)

Important Dates

❖ April 3, 2020: Application available to small businesses and sole proprietorships
❖ April 10, 2020: Application available to independent contractors and self-employed individuals
❖ June 30, 2020: Last date for PPP availability

Apply directly through existing SBA lender

❖ Can apply through any existing SBA 7(a) lender
  Complete downloadable application by June 30, 2020

Required Documentation

☐ SBA PPP Application (SBA Form 2483)
  ❑ Payroll expense verification documents
  ❑ IRS Forms 940 and 941
  ❑ Payroll summary report with corresponding bank statements
  ❑ Breakdown of payroll benefits (vacation, allowance for dismissal, group healthcare benefits, etc.)
  ❑ 1099s (for independent contractors)
When will I receive funding?

Emergency Injury Disaster Loans (EIDL)

❖ SBA will disburse funds within 5 days of execution of closing documents

❖ If a business needs money immediately, certain applicants can receive an advance of up to $10,000 within 3 days of EIDL application submission

   ❖ Requirement: Submit application between January 31 and December 31, 2020

   ❖ Businesses will not be required to repay the $10,000 advance even if SBA ultimately denies the application

Payroll Protection Program (PPP)

❖ This is dependent on the lending institution

   ❖ Each bank is processing requests as soon as they can

   ❖ You will receive status reports on your application from your lender
Banks & Neighborhood Developers

- Tony “Thurman” Smith
  - Many locations
  - PNC Bank

- Look at currently registered banks here: [https://www.sba.gov/paycheckprotection/find](https://www.sba.gov/paycheckprotection/find)
Contact Us

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