



Recovering from COVID—19: A Resource Guide for Small Businesses

Small businesses are the backbone of our economy here in Georgia and all across the country, but tragically, they are facing incredible hardship as our country faces the fallout from COVID—19. In just a matter of weeks, this pandemic has forced the majority of small business owners to temporarily close their doors and make tough decisions about their livelihoods to protect their workers, their communities, and their very own families.

In response to these challenges, Congress has worked side-by-side with the Trump Administration to provide immediate relief to American workers and small businesses. Over the course of one month, Congress passed – and President Trump signed – three separate aid packages, providing billions of dollars in loan and grant opportunities to small business owners across the country.

Economic Injury Disaster Assistance Loans

What is an Economic Injury Disaster Assistance Loan?

In the first coronavirus aid bill, signed into law on March 6, 2020, Congress authorized the Small Business Administration (SBA) to offer \$7 billion in disaster assistance loans to small businesses that have been adversely impacted by COVID-19. Each state's Governor is required to apply for designation through the SBA. On March 18, 2020, Governor Kemp's application was approved, and Georgia was designated as qualified for the SBA's Economic Injury Disaster Assistance Loans.

Who is eligible?

Any small business – defined as an entity employing 500 or less – without means of available credit that are in designated areas (including all 159 Georgia counties) adversely affected by coronavirus.

What can the loans be used for?

These loans can be used for:

- Fixed debts;
- Payroll;
- Accounts payable; and
- Additional bills that can't be paid because of coronavirus's impact.

What are the specifics of this loan program and what are my obligations as the borrower?

If you have a small business that has no other available means of credit, the interest rate for these loans is 3.75%. For non-profits, the interest rate is 2.75%. If you are a small business with other available means of credit, you are not eligible.

In regard to repayment, these loans come with a long-term repayment of up to 30 years. This will help keep payments affordable for small businesses during the outbreak and afterwards.

The specific terms of these loans will be decided on a case-by-case basis and the SBA will consider your small business's ability to repay the loans.

If your small business had previously taken out an SBA loan for another disaster, like a hurricane, your payments on the Economic Injury Disaster Assistance Loan or other SBA loans will be automatically deferred to December 31, 2020.

How do I apply?

To apply for the Economic Injury Disaster Assistance Loans, please visit <https://covid19relief.sba.gov/#/>.

Paycheck Protection Program (7(a) Loans)

What is the Paycheck Protection Program?

In the third coronavirus aid package, the CARES Act, Congress set aside \$349 billion for the SBA to administer loans and loan forgiveness programs that will encourage employers to keep their workers on payroll by assisting with the payment of operational costs.

The Paycheck Protection Program (PPP) provides 100% federally guaranteed loans up to a maximum of \$10 million or less to eligible covered entities.

Loans provided under the PPP *can* be partially forgiven or forgiven for up to the entire amount of – but not to exceed – the principal loan.

Who is eligible?

Any small business, nonprofit (501(c)(3)), veterans' organization, tribal business, or franchise location with an SBA franchise identifier code can apply for a PPP loan. Gig workers, sole proprietors, independent contractors, and individuals that are self-employed are also eligible.

For your business to be eligible, it must not employ more than 500 full or part-time employees unless it is in an industry that the SBA has different size qualifications for. If your business is in the hospitality or food industry and you have more than one location, it could also be eligible at the individual store/location level if the individual store or location employs less than 500 workers.

What can the loans be used for?

These loans can be used to cover certain expenses that range from February 15, 2020 to June 30, 2020. Specifically, these loans may only be used to pay for the following items:

- Payroll costs;
- Costs related to group health care benefits during periods of paid sick, medical or family leave, and insurance premiums;

- Employee salaries, commissions, or similar compensations;
- Mortgage interest payments (but not any prepayment of or payment of principal on a mortgage obligation);
- Rent (including under a lease agreement);
- Utilities; and
- Interest on any other debt obligations that were incurred before the covered period.

How do these loans convert to grants?

If all employees are kept on payroll for 8 weeks **and** the loan is used to pay for payroll, rent, mortgage interest, or utilities, SBA will forgive the portion of your PPP loan that is used for those costs.

Given the likelihood of a high number of borrowers under this program, SBA is requiring that 75 percent of the forgiven amount must have been used for payroll.

What are the specifics of this program and what are my obligations as a borrower?

Available until June 30, 2020, the PPP provides eligible businesses and recipients the opportunity to qualify for a loan of up to \$10 million. The maximum loan amount is the lesser of \$10 million or 2.5 times the average monthly payroll based on the prior year's payroll. Payroll costs are capped at \$100,000 on an annualized basis for each employee.

Regarding payment on these loans, SBA will direct lenders to defer all payments – including principal, interest, AND fees – that would otherwise be due under the PPP for a minimum of 6 months and a maximum of 1 year.

Neither the government nor lenders will charge small businesses any fees associated with PPP.

PPP loans have a maturity of two years and an interest rate of .5%.

How do I apply?

You're encouraged to talk with your existing SBA 7(a) lender to apply for PPP and other loans related to coronavirus. As of April 3, 2020, lenders may begin processing loan applications for small businesses and sole proprietorships. Starting April 10, 2020, independent contractors and self-employed individuals can apply for and receive loans under PPP. You are encouraged to apply quickly following these dates.

To get you started, [here](#) is a sample form that you can download. Be prepared to include payroll documentation along with your application.

While the SBA usually requires that small businesses try to obtain some or all loan funds from other sources, that requirement is waived here, so you do not need to try to find other funds before applying.

Click [here](#) for additional information about the PPP program.