



SBA COVID-19 LOAN RELIEF OPTIONS

Sevrina Tax & Business Services, Inc.

**SMALL BUSINESS ADMINISTRATION
Coronavirus Aid, Relief and Economic
Security Act (CARES Act) and
Disaster Assistance**

Paycheck Protection Program (PPP)

Economic Injury Disaster Loan (EIDL)

Paycheck Protection Program (PPP)

Eligibility

- Business with 500 employees or fewer.
- In operation on February 15th, 2020, paying salaries and payroll taxes, (this includes full-time and part-time employees, and those employed on any other basis, such as independent contractors, as reported on a Form 1099–MISC).
- 501(c)(3) nonprofit, a 501(c)(19) veteran's organization, or Tribal business concern described in section 31(b)(2)(C) of the Small Business Act, sole proprietorships, self-employed individuals, and independent contractors.

Economic Injury Disaster Loans (EIDL) Application Process

- You can apply through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating.
- Other regulated lenders will be available to make these loans once they are approved and enrolled in the program. You should consult with your local lender as to whether it is participating. All loans will have the same terms regardless of lender or borrower.
- A list of participating lenders as well as additional information and full terms can be found at www.sba.gov.

Paycheck Protection Program (PPP)

Loan Amount

- Intended to cover 8 weeks of payroll.
- The loan amount will be equal to 2.5 times the average monthly payroll costs during the 1-year period prior to the loan application date of the person or entity applying. The loan is capped at \$10 million.
- Lesser of \$10 million or two months of your average monthly payroll costs from the last year plus an additional 25% of that amount. Payroll costs will be capped at \$100,000 on an annualized basis for each employee.
- Sole proprietors, independent contractors, and self-employed individuals documenting earned income on a Form 1099-Misc.

Paycheck Protection Program (PPP)

Use of Funds

- Provide employees with the same pay, including sick leave, medical leave, and tips.
- Maintain group healthcare benefits.
- Make interest payments on existing commercial mortgage.
- Pay rent, leases and utilities.

Paycheck Protection Program (PPP)

Payroll Costs Include

- Salary, wage, commission, or similar compensation.
- Payment of cash tip or equivalent.
- Payment for vacation, parental, family, medical, or sick leave; allowance for dismissal or separation.
- Payment required for the provisions of group health care benefits, including insurance premiums.
- Payment of any retirement benefit.
- Payment of State or local tax assessed on the compensation of employees.
- The sum of payments of any compensation to or income of a sole proprietor or independent contractor that is a wage, commission, income, net earnings from self-employment, or similar compensation and that is in an amount that is not more than \$100,000 in 1 year, as prorated for the covered period.

Paycheck Protection Program (PPP)

Documents Required

- Copy of 2019 tax return – all schedules. If a 2019 Tax Return has not been yet filed, then a 2019 Profit and Loss Statement and Balance Sheet.
- 12 months of payroll records for the 1-year period before the date on which the loan is made.
- Organizational documents, and if multiple owners operating agreement.
- Corporate By-Laws or LLC Documentation from the Secretary of State.

Paycheck Protection Program (PPP)

Terms

- Repay in up to 10 years.
- Interest rate up to 4 percent.
- Deferment for at least 6 months.
- No personal guarantee.
- No collateral required.
- Funds are provided in the form of loans that will be fully forgiven when used for payroll costs, interest on mortgages, rent, and utilities (due to likely high subscription, at least 75% of the forgiven amount must have been used for payroll). Loan payments will also be deferred for six months. No collateral or personal guarantees are required. Neither the government nor lenders will charge small businesses any fees.

Economic Injury Disaster Loans (EIDL)

- Direct loans from the SBA up to \$2 million.
- The SBA must be able to determine that the applicant has the ability to repay the SBA loan.
- Business directly affected by the disaster or offer services directly related to the affected businesses and other businesses that incurred losses due to disaster losses in their community, such as manufacturers of products sold at the retail level.
- Pledged collateral (for example, real estate) for any loan in excess of \$25,000.
- 3.75% interest rates for small businesses and 2.75% for nonprofit organizations with terms up to 30 years.
- Working capital loans may be used to pay fixed debts, payroll, accounts payable, and other bills that could have been paid had the disaster not occurred. Loans are not intended to replace lost sales or profits or for expansion.

Economic Injury Disaster Loans (EIDL) Deferment Options

- Borrowers of home and business disaster loans from previous disasters that are still being payed back will now have their payments deferred through the end of 2020. This deferral will be automatic, and borrowers of previous home and business disaster loans do not have to contact SBA to request this deferment.

Comparison

Paycheck Protection Program

Eligibility

- Businesses that were operational as of February 15, 2020 and have less than 500 employees or businesses with multiple locations, but less than 500 employees in one single location.

Loan Limit

- Loans can be up to 2.5 times average monthly payroll costs, not to exceed \$10 Million.

Serviced By

- Banking provider authorized to grant loans on behalf of the Small Business Administration.

Payback Terms

- No payments for first 6 months and a total 2-year term.

Rates

- Fixed 0.5% APR.

Loan Forgiveness

- Up to 100%, if approved.

Economic Injury Disaster Loan

Eligibility

- Businesses located in a disaster declared or contiguous country.

Loan Limit

- Up to \$2 Million.

Serviced By

- Only by the Small Business Administration.

Payback Terms

- Up to 30 years.

Rates

- 3.75% APR.

Loan Forgiveness

- Not applicable.

Zoom Links:

9am - 10am (<https://hqraleigh.zoom.us/j/946604549>) 10am - 11am (<https://hqraleigh.zoom.us/j/468226603>)

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