



Financial Assistance During COVID-19

The COVID-19 outbreak has already had an unprecedented impact on businesses of all types across the country, and as the outbreak continues this impact will only get larger. Congress has responded by passing several pieces of legislation aimed at addressing the fallout from the outbreak, with the most recent package containing economic stimulus funding of more than \$2 trillion.

Two small business support programs were created in these pieces of legislation by Congress. The first is a \$1 billion fund to immediately assist small businesses in declared disaster areas; Nebraska Governor Pete Ricketts requested disaster declaration from the federal government and it was approved on March 20th, retroactive to January 31st. The second program includes \$349 million in funding to support small businesses. Details on both programs are outlined below.

Note: Businesses may apply to both programs, however they cannot participate or accept funds from both programs. You should seek advice specific to your business situation on which program best fits the needs of your business prior to accepting funds.

The Coronavirus Preparedness and Response Supplemental Appropriations Act

This piece of legislation allows states to offer low-interest federal disaster loans for small businesses suffering substantial economic injury as a result of the COVID-19 outbreak. This program is administered directly by the Small Business Administration (SBA) in cooperation with the states.

Eligibility

- All small businesses and private non-profit organizations
- Must have acceptable credit history
- Must show future ability to repay the loan
- Collateral is required for loans over \$25,000
 - The SBA notes that loans will not be declined for lack of collateral, but applicants must pledge collateral that is available to them

Loan Details

- Maximum loan amount is \$2 million; The actual amount of each loan is limited to the actual economic injury determined by the SBA, less any business interruption insurance or any other contributions available
- Maximum interest rate is 3.75%; Actual interest rate is determined by a formula and is fixed for the life of the loan
- Maximum term of 30 years; SBA will determine an appropriate installment payment level based on the financial condition of the business



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- Loans may be used to pay fixed debts, payroll, accounts payable, and other bills that cannot be paid due to the disaster's impact
- In most circumstances, payments of the loan can be deferred up to a year
- Loans cannot be used to refinance long term debts
- These loans are not forgivable and must be repaid

How to apply: visit <https://disasterloan.sba.gov/>

For questions: contact SBA disaster assistance customer service at 800-659-2955 or disastercustomerservice@sba.gov

The Coronavirus Aid, Relief, and Economic Security (CARES) Act

This piece of legislation included a new SBA loan program, as well as an expansion on the existing loan program for disaster declarations. It created the Paycheck Protection Program intended to incentivize businesses to keep their employees on payroll throughout the COVID-19 outbreak, and includes a loan forgiveness component. It also established short-term grants for businesses included in disaster declared areas. These programs will be administered by third-party lenders, which is the traditional approach to SBA programs.

This Act also provided \$100 billion in funding to hospitals and providers through the Public Health and Social Services Emergency Fund to provide financial relief by covering non-reimbursable expenses of health care entities attributable to COVID-19. The Federal Department of Health & Human Services was given flexibility in determining the payout process under this program, and as such details are still forthcoming

The Paycheck Protection Program

Eligibility

- Small businesses, nonprofits, veterans' organizations, tribal business, self-employed, independent contractors, or sole proprietors
- In businesses and employed fewer than 500 people on February 15th
- Credit history, ability to repay, and collateral will be determined by third-party lenders

Loan Details

- 100% government backed low-interest loan
- Loan amount is to equal 250% of average monthly payroll costs, up to \$10 million
- Available through December 31, 2020
- In most circumstances, payments of the loan can be deferred up to a year



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- Loans may be used to cover payroll costs such as salaries, paid sick and medical leave, and insurance premiums, as well as mortgage, rent, and utility payments

Loan Forgiveness

- Loan may be forgiven in an amount equal to what was spent on payroll expenses and mortgage or rent expenses from February 15th to June 30th
- Forgiveness amount may be reduced proportionately to the reduction in number of employees retained compared to 2019 and may be reduced by any reduction in pay of any employee greater than 25% when compared to last year
- Loan forgiveness will not count as taxable income
- Amount of forgiveness will be reduced by the amount of the EIDL grant received, if applicable (see below)
- Any portion of the loan not forgiven will be subject to a potential maximum term of 10 years and a maximum interest rate of 4%

How to apply: contact one of SBA's preferred lenders [here](#)

Economic Injury Disaster Loan (EIDL) Grant Program

Eligibility

- Small businesses, nonprofits, veterans' organizations, tribal business, self-employed, independent contractors, or sole proprietors
- In businesses and employed fewer than 500 people on February 15th

Details

- Allows any organization that applied for a COVID-19 related SBA loan to request an advance of up to \$10,000
- SBA distributes grant money within three days
- Do not have to repay the grant even if subsequently denied for a loan
- Must sign affidavit to verify your business is an eligible applicant
- Grant money must be used to cover payroll, paid sick leave, rent or mortgage payments, or other debt obligations your business cannot meet due to revenue losses
- Reduces the amount of allowable forgiveness under the Paycheck Protection Program (above) by the amount of the grant given

How to apply: visit <https://disasterloan.sba.gov/>

For questions: contact SBA disaster assistance customer service at 800-659-2955 or disastercustomerservice@sba.gov