



Coronavirus Relief Options for Small to Mid-Sized Businesses **(current as of April 27, 2020)**

Under the recently enacted CARES Act, small- to mid-sized businesses that have been impacted by the coronavirus pandemic may be eligible to receive financial assistances through the following programs:

- Payroll Protection Program (PPP) Loan – Up to \$10 million, and up to 100% of the loan amount is potentially forgivable.
- Emergency Injury Disaster Loan (EIDL) – Up to \$2 million. Emergency advance of up to \$10,000, which is essentially a grant and does not need to be repaid.
- Main Street Lending Program
 - Main Street New Loan Facility (MSNLF) – up to \$25 million
 - Main Street Expanded Loan Facility (MSELF) – up to \$150 million
- Mid-Sized Business Lending Program (details not yet available)

The \$349 billion allocated for the PPP loan was exhausted within two weeks. However, Congress has added an additional \$310 billion into the PPP loan program, and additional amounts for hospitals, COVID-19 testing, and the EIDL program.

PAYROLL PROTECTION PROGRAM (PPP)

What are the main terms of PPP loan?

The loan amount can be up to 2.5 times your average monthly payroll costs for one of the following periods:

- Between February 15, 2019 – June 30, 2019 (most businesses)
- Between March 1, 2019 – June 30, 2019 (seasonal businesses)
- Between January 1, 2020 and February 29, 2020 (if not in business in 2019)

The PPP loan has a \$10 million cap, and payroll costs are capped at \$100,000 annualized for each employee. There is no security or personal guarantee requirement. The loan has a 2-year term, 1% interest rate, and loan payment (interest and principal) deferral for 6 months.

Up to 100% of the full principal amount of the loan and any accrued interest can be forgiven. That is, the borrower will not be responsible for any loan payment if:

- The borrower uses all of the loan amount to cover payroll costs, and most mortgage interest, rent, and utility costs over the 8-week period after the loan is made; and
- Employee and compensation levels are maintained.

The borrower must apply for loan forgiveness and must be prepared to document payroll costs, operating costs, and other conditions noted above during the applicable period.

Who is eligible?

All businesses (including nonprofits, plus sole proprietorships, self-employed individuals, and independent contractors) with 500 or fewer employees can apply. Businesses in certain industries can have more than 500 employees if they meet applicable SBA employee-based size standards for those industries. For the PPP program, the SBA's affiliation standards are waived for small businesses (1) in the hotel and food services industries (NAICS code beginning with 72), or (2) that are franchises in the SBA's Franchise Director, or (3) that receive financial assistance from small business investment companies licensed by the SBA.



How can I apply for a PPP loan?

You can apply through any existing SBA lender, which includes most banks and credit unions. You should consult with your local lender. Although the program is open until June 30, 2020, we encourage you to apply as quickly as you can because there is a funding cap and lenders need time to process your loan.

You will need to complete the Paycheck Protection Program loan application and submit the application with the required documentation to a participating lender.

EMERGENCY INJURY DISASTER LOAN (EIDL)

What are the loan terms?

- Maximum loan amount of \$2 million.
- If borrowing more than \$200,000, then a guarantee by anyone with more than a 20% ownership interest (in the borrowing entity) is required.
- Maturity dates are variable, but interest rate is capped at 4%.
- Payments may be deferred for six months to one year.
- Proceeds may not be used for refinancing of long-term debt, expanding facilities, paying dividends or bonuses, or relocation.

You can apply for an EIDL advance of up to \$10,000, which can be made immediately available following a successful application. This loan advance will not have to be repaid.

Who is eligible?

Any small business with less than 500 employees (including sole proprietorships, independent contractors and self-employed persons) that is affected by COVID-19. Businesses in certain industries may have more than 500 employees if they meet the SBA's size standards for those industries.

How can I apply for an EIDL loan and emergency advance?

Small businesses may apply for an EIDL through the Small Business Administration – see <https://www.sba.gov/page/disaster-loan-applications>. The SBA will accept new applications as soon as appropriations funding becomes available.

MAIN STREET LENDING PROGRAM (MSLP) AND MID-SIZED BUSINESS LENDING PROGRAM (MBLP)

While the Federal Reserve and the CARES Act have provided a broad framework and certain material terms of MSLP and MBLP, these two programs are not currently available. Although these programs will not offer forgivable loans, they may be helpful for small to mid-sized businesses (given that the eligible borrowers can have up to 10,000 employees) that require additional working capital for their operations and that cannot obtain funding from other sources.

For more information about the Main Street Lending Program, visit the Federal Reserve website: <https://www.federalreserve.gov/monetarypolicy/mainstreetlending.htm>.

Written by: Steve Park (ParkSB@ballardspahr.com) & Hannah Chung (hycbanklaw@gmail.com) | Edited by:
KABA-GA

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