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# **COVID-19 Financial Resources for Small Businesses**

CARES, PPP, EIDL Grants, NC Rapid Recovery Loans, One Buncombe Fund, and more.

# Agenda

1. Overview of current COVID-19 financial resources
2. Updated PPP, EIDL/Grant, NC Rapid Recovery Loan, One Buncombe Fund program reviews
3. Q&A
4. Summary & Next Steps

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# COVID-19 Resources for Small Business

## *Federal CARES Act:*

1. Economic Injury Disaster Loans(EIDL) & \$10k Grants
2. Paycheck Protection Program (PPP)
3. Small Business Debt Relief Program
4. CARES Small Business Tax Provisions
5. Robust Unemployment Relief

## *State & Local Resources:*

6. NC Rapid Recovery Loans (NCRR)
7. One Buncombe Fund

# Federal CARES Act\* - Intention

- Assist Business Owners with whatever assistance they need at this time (\$2 trillion package)\*
- Introduce many more new resources for small businesses

*\*Became law 3/27/20, but specific program administration details may take up to 15 days*

Source: Senate Committee for Small Business & Entrepreneurship, Guide to the CARES Act

# Significant Provisions in the CARES Act

- Paycheck Protection Program (PPP)
- Small Business Debt Relief Program
- Economic Injury Disaster Loans & Emergency Economic Injury Grants
- Small Business Counseling
- Small Business Tax Provisions
  - Employee Retention Credit
  - Unemployment Benefits for Sole-Proprietors & Freelancers

# Paycheck Protection Program (PPP)

- Cash flow assistance through 100% federally guaranteed loans to employers who maintain their payroll through the emergency
- If employers maintain payroll, the loans would be forgiven
  - Up to \$10 million, No SBA fees, At least 6 months of deferrals
  - Potential full forgiveness of 8 weeks of Payroll, Rent, Utilities, and Mortgage Interest
- Small Businesses & other entities eligible if harmed by COVID-19 from Feb 15, through June 30.
  - Small businesses less than 500 employees, certain non-profits, veterans, tribal, sole-proprietors, independent contractors, self-employed
- Program retroactive to Feb 15 to help bring workers already laid off back onto the payrolls

# Paycheck Protection Program (PPP)

**Targeted:** Businesses with employees on payroll, independent contractors, or sole proprietors.

**Purpose:** Keep employees on payrolls

**Max Amount:** \$10 million or 2.5X Monthly Average Payroll

**Rate & Terms:** 4.0%, 2 years, Zero Loan Fees, No Prepayment Fees

**Payback:** Non-forgiven funds at rate/terms above

**Allowable Uses:** Payroll, Group Healthcare and other benefits, Paid Leave, Insurance Premiums, Mortgage Interest, Rent, Utilities,

**Forgiveness:** Sum of payroll costs for 8 weeks covered compared to previous year period - so long as employment levels are maintained as compared to previous year.

**Qualifications:** Only One PPP Loan per company, cannot take advantage of payroll tax credits.

**Effective Start Date:** Feb 15, 2020

**End Date:** Loans available thru June 30, 2020

**Paired with:** Can roll in an EIDL loan into PPP by adding total to payroll sum, can have SBA EIDL, 7(a), 504, microloan - funds for different purposes

**Where to Apply:** SBA 7(a) lenders, Applications Open Friday 4/3

# Small Business Debt Relief Program

- Program to provide immediate relief to small businesses with NON-DISASTER SBA loan - 7(a), 504, Microloans
- SBA will cover all loan payments, including principal, interest, and fees for six months
- Relief will also be available for new borrowers who take out these loans for six months from CARES Act being signed into law (3/27/20)
- Borrower may also apply for PPP loan, but debt relief for PPP loans will not be applicable under this program



# Small Business Debt Relief

**Targeted:** Existing SBA 7(a), 504, Microloans - Disaster Loans are NOT available

**Purpose:** Immediate relief for Small Businesses with non-disaster SBA loans

**Max Amount:** 7(a) - \$5 million, 504 - \$5.5 million, Microloan - \$50,000

**Rate & Terms:** Vary by Loan Type

**Payback:** SBA covers all loan payments (principal, interest, fees) for six months

**Allowable Uses:** Sound business purposes

**Forgiveness:** SBA covers all loan payments (principal, interest, fees) for six months

**Qualifications:** Meet SBA size standards, Be able to repay, Have sound business purpose

**Effective Start Date:** Existing loans, but also available for new borrowers before Sept 27, 2020

**End Date:**

**Paired with:** Can still apply for PPP, but debt relief for those will not apply

**Where to Apply:** SBA Resource Partners  
Still waiting on Specific Details for program

# Economic Injury Disaster Loans (EIDL) & Emergency Economic Injury Grants

- EIDL up to \$2 million for payroll, operating expenses, increased production cost or to pay debt
- Can still apply for a PPP loan as well, so long as EIDL funds are not used for PPP purposes.
- Grants provide an emergency advance up to \$10,000 within 3 days of applying for EIDL loan
- Access comes from first applying for EIDL loan, then request the advance
- Advance does not need to be repaid under any circumstance

# EIDL Loans & Emergency Economic Injury Grants

**Targeted:** Businesses and Non-Profits suffering substantial economic impact due to COVID-19

**Purpose:** Grants - paid within 3 days of application, Quick access to cash during crisis

**Max Amount:** Loan - Up to \$2 million  
Grants - \$10,000 advance on EIDL Loan application

**Rate & Terms:** 3.75% profit, 2.75% non-profit, 30 year payback, possible payment deferment

**Payback:**  
Grant - No payback necessary, regardless of whether approved for EIDL loan

**Allowable Uses:** Payroll & operating expenses that could have been met had disaster not occurred

**Forgiveness:** No forgiveness on EIDL Loan, Grant does not require any repayment

**Qualifications:** Apply for EIDL Loan and request advance

**Effective Start Date:** January 31, 2020 - backdated to allow those who applied for EIDLs to be eligible

**End Date:** December 31, 2020

**Paired with:** Can still apply for PPP, or roll EIDL into a PPP (reduces amount forgiven)

**Where to Apply:**

<https://disasterloan.sba.gov/ela/>

SBA resource partners are available, SBDC, SCORE, Women's Business Ctr, for assistance

# Employee Retention Tax Credit

- Provision to provide for a refundable payroll tax credit for 50 percent of wages by eligible businesses for certain employees during the COVID-19 crisis.
- Employers, including non-profits, whose operations have been fully or partially suspended as result of government ordered limiting commerce, travel or group meetings, or who have seen a 50 percent or more decrease in revenues.
- Credit is provided for wages and compensation, including health benefits, and is provided for the first \$10,000 in wages and compensation paid by employer for an eligible employee
- Credit is not available to employers receiving assistance through the PPP

# Employee Retention Credit

**Targeted:** Companies not participating in PPP impacted by government order to limit commerce, travel, or group meetings, or experiencing 50% reduction in quarterly receipts, year over year

**Purpose:** Relief for payroll costs to incent companies to keep employees on payroll

**Max Amount:** Refundable payroll tax credit for 50% of wages paid to certain employees during crisis

**Rate & Terms:** n/a

**Payback:** Tax credit, no repayment required

**Allowable Uses:** First \$10,000 in wages & compensation, benefits paid to employee

**Forgiveness:** n/a

**Qualifications:** Employers, including non-profits, whose operations have been fully or partially suspended as result of government ordered limiting commerce, travel or group meetings, or who have seen a 50 percent or more decrease in revenues.

**Effective Start Date:**

**End Date:** December 31, 2020

**Paired with:** not eligible for companies participating in PPP

**Where to Apply:** N/A

# Unemployment for Sole-Proprietors and Freelancers

- Provides for Pandemic Unemployment Assistance Program to provide for employees not traditionally eligible
- Unemployed, Partially Employed, or Unable to work due to COVID-19
- Includes an additional \$600 weekly benefit, the elimination of waiting periods, and an additional 13 weeks of benefits (39 weeks)
- Provides funding for states who create “Short-Time Compensation” programs for those with reduced hours (an effort to get employers to reduce hours vs. layoffs)

# NC Rapid Recovery Loans

- Designed as Bridge Loans to complement other financial resources while business owners can access SBA or Federal Disaster Funding
- Loans capped at \$50K, amount figured at average of two months of revenues
- Six months of no principal or interest, then 48 months of payments at 5.5%, no interest accrued until month 7
- No prepayment penalties, but defaulted loans will be subject to collections

# NC Rapid Recovery Loans

**Targeted:** North Carolina Small Businesses impacted by COVID-19 crisis

**Purpose:** Act as bridge loans until businesses can access SBA or other Federal Disaster funds

**Max Amount:** Up to \$50,000, capped at 2 months of 2019 average monthly revenue

**Rate & Terms:** 6 months no interest & no payments, then 48 months 5.5%

**Payback:** No prepayment penalties

**Allowable Uses:** Maintaining or restarting a business

**Forgiveness:** Defaulted loans are subject to collections

**Qualifications:** Must be NC business, have one employee, have begun before March 23, 2020

**Effective Start Date:** Effective Immediately

**End Date:** As funding allows, currently \$15m

**Paired with:** Bridge Loan, not designed as stand alone resource

**Where to Apply:** Mountain BizWorks - participating lender, apply now at link below

<https://www.mountainbizworks.org/small-business-loans-financing-sba/nc-covid-19-rapid-re-loan/>



# One Buncombe Fund

- Designed to be flexible and rapid source of low-interest loan capital
- Loans up to \$10K, based on current revenues
- Six months with no payments required, interest at 4% will accrue, followed by 36 months of payments with interest at 5.5%
- No prepayment penalties, defaults will be subject to collections
- Businesses in Buncombe County, less than 50 employees, For-Profit, and in business for one year
- Must agree to provide impact data

# One Buncombe Fund

**Targeted:** For-profit businesses in Buncombe County

**Purpose:** Flexible and rapid source of low interest loans to meet pressing needs and navigate the COVID-19 crisis

**Max Amount:** Up to \$10,000, based on business current revenues

**Rate & Terms:** 6 months of no payment at 4%, interest accruing, then 36 months payments principal and interest at 5.5%

**Payback:** No prepayment penalties

**Allowable Uses:** Maintaining or restarting a business

**Forgiveness:** Defaulted loans are subject to collections

**Qualifications:** Physical location, and principally in Buncombe County, at least 1 employee (less than 50), in business 12 months, apply disaster loan funds to pay off this loan, agree to supply impact data

**Effective Start Date:** Effective Immediately

**End Date:** As funding allows,

**Paired with:** Bridge Loan, not designed as stand alone resource

**Where to Apply:** Mountain BizWorks is the administrator for this loan, apply at link <https://www.mountainbizworks.org/coronavirus/covid-19-loans/one-buncombe-fund/>

# Updated PPP & EIDL/Grant Programs, Et al

## Paycheck Protection Program (PPP)

Michael Lane - MBW Small Business Lender

## Economic Injury Disaster Loan (EIDL) & Emergency Economic Injury Grants, NC Rapid Recover Loans, One Buncombe Fund

Kelly Foster - MBW Small Business Lender, Risk Assets Manager

# Questions & Answers With Our Panel

- Kelly Foster, Small Business Lender & Risk Asset Manager
- Michael Lane, Small Business Lender

Please type your questions in the chat box

We'll use the questions to address common themes & issues when formulating our responses for the community

This platform won't allow us to answer all specific questions

# Developing Your Action Plan

- Determine Your Business Purpose & Future Intentions
- Brainstorm Possible Pivots, Seek Hidden Opportunities
- Determine Your Financial Needs, and Funds Planned Use(s)
- Gather Appropriate Documentation
- Choose Your Financial Resource Source(s)
- Get Your Application Completed & Submitted

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# Summary & Next Steps

- Details should be coming from the Federal Govt on program specifics this week and next
- We are working to improve our ability to serve the significant increase in lending-related inquiries & applications
- We plan to reach out with more specific process navigation information soon
- For more information please refer to our website:  
[www.mountainbizworks.org/coronavirus/](http://www.mountainbizworks.org/coronavirus/)

# Resources & Links

Mountain BizWorks - <https://www.mountainbizworks.org/coronavirus/>

CARES Act Summary -

[https://www.sbc.senate.gov/public/\\_cache/files/9/7/97ac840c-28b7-4e49-b872-d30a995d8dae/F2CF1DD78E6D6C8C8C3BF58C6D1DDB2B.small-business-owner-s-guide-to-the-cares-act-final-.pdf](https://www.sbc.senate.gov/public/_cache/files/9/7/97ac840c-28b7-4e49-b872-d30a995d8dae/F2CF1DD78E6D6C8C8C3BF58C6D1DDB2B.small-business-owner-s-guide-to-the-cares-act-final-.pdf) - Senate Committee summary of CARES Act, Small Business Owner's Guide to final Act

EIDL Loan Summary -

[https://www.uschamber.com/sites/default/files/023595\\_comm\\_corona\\_virus\\_smallbiz\\_loan\\_final\\_revised.pdf](https://www.uschamber.com/sites/default/files/023595_comm_corona_virus_smallbiz_loan_final_revised.pdf) - US Chamber of Commerce, Small Business Guide and Checklist

Application Links -

PPP Loan - <https://home.treasury.gov/policy-issues/top-priorities/cares-act/assistance-for-small-businesses>

EIDL Loans/Grants - <https://covid19relief.sba.gov/#/>

NC Rapid Recovery Loans - <https://www.mountainbizworks.org/small-business-loans-financing-sba/nc-covid-19-rapid-re-loan/>

One Buncombe - <https://www.mountainbizworks.org/coronavirus/covid-19-loans/one-buncombe-fund/>