



A guide for businesses: Obtaining Financial Relief During the COVID-19 Crisis

Not sure where to start? We'll break down the top financial relief programs your business may be able to take advantage of during this uncertain time.*

What are my business's options for financial relief?

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1. Paycheck Protection Program (PPP) Loan

What is it?

The PPP provides small business loans that can be up to 2.5x the business's average monthly payroll costs, up to \$10 million. Payroll costs may include salaries, bonuses, retirement and healthcare benefits and parental leave. Loans will be given on a first-come, first-served basis and your business must apply before June 30th.

Is my business eligible?

This program is for US-based businesses with under 500 employees. To qualify, your business must have been substantially impacted by COVID-19 and in place prior to February 15, 2020.

How do I apply?

You must apply through an SBA-certified lender, who will be given delegated authority to quickly process PPP Loans.

Before you apply, be sure to:

1. Gather documentation on your business' payroll, rent, utility payments and mortgage for the last 12 months
2. Gather completed 2019 financials, including P&L and balance sheet
3. Determine which employees are paid more than \$100,000 per year.
4. Calculate the total payroll for employees paid during the applicable base period, excluding amounts paid above a prorated annual salary of \$100,000.

Find an eligible lender using the search tool [here](#).

Once you've found your lender, the PPP application form can be found [here](#).

2. SBA Economic Injury Disaster Loan (EIDL)

What is it?

The EIDL program provides business loans up to \$2 million and includes an emergency grant of up to \$10,000 to be made within three days of application. The grant will be forgiven provided that funds are used for providing sick leave, maintaining payroll, meeting increased costs driven up by interrupted supply chains, making business's rent/mortgage payments, and repaying obligations that cannot be met due to revenue loss.

How does the EDIL program differ from the PPP program?

Your business may be able to apply for both programs, but you can't get funds from both programs for the same purpose. We've outlined the key differences between the PPP and EDIL program in this chart, below:

	EIDL	PPP
Business Eligibility	Small business, cooperative, ESOP or tribal business with 500 or fewer employees An individual who operates under as a sole proprietorship, with or without employees, or as an independent contractor; or A private non-profit or small agricultural cooperative; Your business must be directly affected by COVID-19	Small businesses or non-profit 501(c)(3) organizations with 500 or fewer employees; small businesses, 501(c)(19) veteran's organizations or tribal concerns that meet the SBA size standards . Sole proprietors or independent contractors; Businesses in the food or hospitality industry may be eligible on a per location basis; normal affiliation rules are waived for franchises or businesses receiving financial assistance from an SBIC.
Loan Size	Up to \$2 million	Up to \$10 million
Business Age	Company was in business prior to January 31, 2020	Company was in business prior to January 31, 2020
Collateral Requirements	Yes, for loans over \$25,000	No
Personal Guarantee Required	Yes, for loans over \$200,000	No
Credit Check Required	Yes, personal credit check for all owners with 20% or more ownership	No
Interest Rate	3.75% or 2.75% for non-profits	1% on any remaining balance after forgiveness
Repayment Period	10 years	2 years on any remaining balance after forgiveness
Payment Deferments	Deferred for one year	Deferred for at least 6 months

How do I apply?

Visit the [SBA Disaster Assistance Portal](#) to apply.

Make sure you set aside a few hours, as the estimated time to fill out the application is 2 hrs 10 mins.

3. Private Financial Aid Programs

Facebook's **Small Business Grants Program** will be offering up to \$100M in grants and ad credits to support small businesses at this time.

The Facebook logo, consisting of the word "facebook" in a bold, blue, sans-serif font, with a registered trademark symbol (®) to the right.

Amazon's **Neighborhood Small Business Relief Fund** will provide \$5M of cash grants to Seattle small businesses impacted by COVID-19.

The Amazon logo, featuring the word "amazon" in a bold, black, sans-serif font, with a curved orange arrow underneath that points from the letter 'a' to the letter 'z'.

4. Postponing or Modifying Payments

What is it?

Many landlords, auto loan, and insurance companies are able to provide financial assistance in the form of delayed payments for customers impacted by coronavirus by offering a deferment or a forbearance.

To avoid defaulting on payments, a due-date change, deferment or forbearance will delay payments if a customer can sufficiently demonstrate a temporary inability to pay to their Creditor. In some instances a deferment can be interest-free.

Is my business eligible for this?

Creditors may provide financial relief to their customers on a case-by-case basis depending on the company, the service or product they provide, or by what their funding partners allow.

If you don't expect your financial situation to improve, consider enrolling in an income-driven repayment plan instead of pausing repayment, such as a loan modification. If you have already missed some payments or are behind, to avoid default, some programs can be applied retroactively.

Please note that private student loans and most companies are not legally required to provide financial assistance. Banks or Lenders may have requirements around making such changes; however, during this unforeseen economic time, flexibility and availability of programs are prevalent.

If possible, consult with your financial advisor or do your homework, as some options are more beneficial than others, e.g., deferments are sometimes interest free for certain types of loans vs. forbearances where interest may still accrue.

How do I apply?

Reach out to the landlord for your office space, the auto-loan providers for company vehicles, and insurance providers for your company to see if they have options such as payment deferment options or other financial assistance in a hardship.

If possible, come prepared with information and supporting documents around your temporary inability to pay and have patience with customer service reps and communicating in advance of defaulting on a payment can help increase your chances of receiving assistance.

If you've had to give your employees pay cuts, encourage them to reach out to their personal loan providers so they can access potential payment relief as well.

5. Payroll Tax Credits

In addition to loans provided by the SBA, the IRS has its own program to support businesses in the wake of COVID-19.

What is it?

The IRS has created an **Employee Retention 2020 tax credit** that, for eligible businesses, could equal up to 50% of the wages paid to employees.

- Credit is given for the first \$10,000 of salary, including health benefits, paid to each eligible employee.
- Applies to qualified employee wages paid after March 12, 2020, and before January 1, 2021.

Is my business eligible for this?

In order to be eligible, your business must meet one of the criteria below:

If your business has 100+ employees:

- Your business shut down during the pandemic OR or your gross receipts have gone down by more than 50% compared to the same quarter last year.

If your business has under 101 employees:

- Your business experiences a significant decline in gross receipts during the calendar quarter.

Which types of businesses are not eligible?

- “Self-employed individuals are not eligible for this credit for their self-employment services or earnings,” according to the **IRS**.
- Employers who receive Paycheck Protection Program Loans (PPP) are **not** eligible for this tax credit, according to the **US Chamber of Commerce**.

How do I apply?

To learn about how to take advantage of this tax credit, check out this **[guide to the Employee Retention Tax Credit](#)** or speak to a tax professional.

6. Penalty-free Withdrawals from Retirement Accounts

While dipping into your retirement savings should come as a last resort, we understand that some businesses might have to do just that to stay afloat in the coming months.

What is it?

- New legislation allows individuals to **withdraw up to \$100,000 from their 401(k) without the usual 10% penalty** if under 59 ½ years old.
- These funds should be used for expenses due to the impact of COVID-19.

Is my business eligible for this?

Eligibility is based upon access to funds in your personal 401(k) account. Please check with your individual 401(k) provider to confirm your eligibility.

Before taking out a hardship withdrawal from your retirement account, consider speaking to a financial advisor. This option should be used as a last resort, after you've applied to all applicable options listed above.

How do I apply?

Contact your 401(k) company to speak to them about taking out a hardship withdrawal due to the impact of the coronavirus.

DISCLAIMER:

***Please note this information is for informational purposes only and is current as of April 7, 2020 based on our understanding of these programs. It can and likely will change, so please visit the source directly for the most updated and accurate information. Before making any financial decisions, please consult your lawyer, accountant, or financial advisor.**