

# COVID Small Business Loans Questions

## Answers for Business Owners

The Coronavirus outbreak has had a significant impact on small businesses and nonprofit organizations. Through the stimulus packages passed in March 2020, the Small Business Administration (SBA) is adding and expanding existing loan products available to small businesses.

The intention of this stimulus is to get money to small businesses to help them keep their business running and employees paid through this crisis.

The stimulus money for small businesses - \$384 billion - will fund several different programs: Economic Injury Disaster Loans (EIDL) and Emergency EIDL Grants, the newly created Paycheck Protection Program (PPP), and the small business loan forgiveness and debt relief programs.

### **FREQUENTLY ASKED QUESTIONS**

#### **How much is available?**

There is currently \$384 billion available for small businesses.

#### **How much can businesses apply for?**

Businesses can apply for EIDL loans up to \$2 million, to cover business expenses. PPP loans max out at \$10 million.

#### **What business expenses can be covered?**

Payroll, accounts payable, fixed debts (such as mortgages or car loans) - expenses that can't be paid due to the economic impact of COVID-19.

#### **Who can apply for funds?**

Small businesses and nonprofits.

#### **Which small businesses qualify?**

- For-profit organizations of any type
- Independently owned and operated
- Physically located in the U.S. or territories
- Businesses who have 500 or fewer employees.
  - A business with more than 500 employees will need to take the additional step of consulting the SBA.

## **How do small businesses in financial industries qualify?**

Businesses with fewer than 500 employees are eligible. If your business has more than 500 employees, then you must take the additional step of looking at annual revenue:

- Businesses that give investment advice or manage portfolios qualify as a small business if they have less than \$41.5 million in annual sales.
- Businesses that are insurance agencies or brokers are considered small if they have less than \$8 million in annual sales.

## **Which nonprofits qualify?**

Any nonprofit organization that is a registered 501(c)3 can apply for EIDLs and/or PPPs.

An organization registered as a 501(c)(6) is only eligible to apply for EIDLs.

## **What is the interest rate for PPP loans?**

Up to 4% for all borrowers.

## **What is the term for PPP loans?**

10 years.

## **What is the interest rate for EIDL loans?**

- Small businesses: 3.75%
- Nonprofit organizations: 2.75%

## **What is the term for EIDL loans?**

It's flexible and can be up to 30 years. Businesses can also apply for a one-year deferment on the first payment.

## **How can businesses and nonprofits apply for EIDL loans?**

**There are two ways:**

1. Apply through the SBA's website here.
2. Request an application by phone by calling 1-800-887-8339.

## **What if a business already has an EIDL, and wants to qualify for loan forgiveness?**

An entity that has an EIDL loan can refinance their loan into a PPP loan to take advantage of the loan forgiveness option of PPP.

## **How can businesses and nonprofits apply for PPP?**

Contact your preferred lender and ask them if they offer SBA 7(a) loans.

## How long does the process take?

It varies. Sometimes the process takes days, but typically it takes 2-3 weeks from application submission to loan decision.

We will keep updating our resources to help you get up to speed quickly on what you need to know - for your own business and for your clients. Contact Ray C Croff if you have any questions about the information listed here, or help securing a lender.



Contact Ray C Croff

Email: [Croff@MobiUSFA.com](mailto:Croff@MobiUSFA.com)

Phone: 940.391.5336 (call or text)

[www.mobiusfa.com](http://www.mobiusfa.com)