**May 11, 2020**

**FINANCIAL RESOURCES FOR BUSINESSES AFFECTED BY COVID-19**

**SMALL BUSINESS ADMINISTRATION**

**Economic Injury Disaster Loan [EIDL**] –

* Offer up to $2 million in assistance and can provide vital economic support to small businesses, small agricultural cooperatives, small aquaculture businesses and most private non-profits to help overcome the temporary loss of revenue. Must have been in operation as of 1/31/2020.
* **Due to current appropriations, SBA will make initial loan disbursements for 2 months of working capital up to a maximum of $15,000 per applicant. This is in addition to the Advance.**
* Ineligible applicants – agricultural enterprise, religious organizations, charitable organizations, gambling concerns, casinos and racetracks, and speculative real estate. Depends on the primary activity of the business.
* **SBA suggests that all businesses apply for this program; let the loan officer determine your eligibility**.
* Loan is direct from SBA.
* These loans are only intended as working capital loans to assist with the impact caused by the coronavirus emergency. Loan funds may be used to pay fixed debts, accounts payable and other bills that can’t be paid because of the disaster’s impact. Cannot be used to make payments on an existing SBA loan.
* Interest rates are 3.75% for small businesses, and 2.75% for non-profits.
* Loans are offered with long-term repayments I order to keep payments affordable; can go up to a maximum of 30 years. Terms are determined on a case-by-case basis, based upon the borrower’s ability to repay.
* Personal guarantees are required on all loans.
* Collateral required on all loans in excess of $25,000; real estate is preferred; security position does not matter; may involve personal residences. Lack of collateral will not be the sole reason for declining a loan.
* No fees, no cost to apply, no obligation to accept loan if offered.
* Loans payments are deferred for a period of 11 months following the signing of the promissory note. However, interest will accrue during that period.
* Turn Around: 3 – 6 weeks
* No prepayment penalties.
* Loans available through 12/31/2020
* **Apply at:** [**https://covid19relief.sba.gov/#/**](https://covid19relief.sba.gov/#/).
* **Currently, SBA is processing applications received in Round 1. The only new applications being received at this time are for agricultural enterprises.**

**Emergency Economic Injury Grants [EEIG]** –

* Provide an emergency advance to small businesses and private non-profits harmed by COVID-19 within 3 days of applying for an Economic Injury Disaster Loan [EIDL].
* **Advance is limited to $1,000 per pre-disaster employee [as of 1/31/2020] up to the maximum of $10,000.**
* Must have been in operation as of January 31, 2020.
* To access, you request the advance as part of the EIDL application.
* **The advance does not need to be repaid under any circumstances.**
* Advance may be used to keep employees on payroll, pay for sick leave, meet increased production costs due to supply chain disruptions, or pay business obligations including debts, rent and mortgage payments.
* Turn Around: 3 days
* Available through 12/31/2020
* Available even if your EIDL application was declined, or is pending.
* **Currently, SBA is processing applications received in Round 1. The only new applications being received at this time are for agricultural enterprises.**

**Paycheck Protection Program Loans [PPP] –**

* Eligibility includes small business concerns, private nonprofits, veteran’s organizations, and Tribal business concerns with fewer than 500 employees. Individuals operating as a sole proprietorship or as an independent contract and eligible self-employed individuals.
* Businesses and entities must have been in operation on February 15, 2020.
* Program directs $349 million towards job retention and business operating expenses.
* Designed to provide a direct incentives for small businesses to keep their workers on the payroll by providing small business a loan of up to $10 million for payroll and certain other expenses.
* If all employees are kept on payroll for eight weeks, SBA will forgive the portion of the loan used for payroll, rent, mortgage interest, or utilities. Up to 100% of the loan is forgivable.
* Can’t have both an EIDL and a PPP for the same purposes.
* Apply through any existing SBA 7[a] lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System that is participating. New lenders may be approved by the Department of Treasury. Consult with your local lender.
* Lenders may begin processing loan applications as soon as April 3, 2020.
* No personal guarantee or collateral.
* Deferment: 6 months
* Loan has maturity of 2 years and interest rate of 1.0%
* For amounts not forgiven, the maximum loan term is 10 years; maximum interest rate is 4%; zero loan fees, zero prepayment fee; SBA will establish application fee caps for lenders.
* Turn Around: 2 weeks
* Loans available through 6/30/2020

**Express Bridge Loan Pilot Program [EBL]** –

* Available to small businesses adversely affected under the COVID-19 Disaster Declaration.
* Allows SBA Express Lenders to provide expedited SBA-guaranteed bridge loan financing on an emergency basis. Loan made through a bank. Program Guide can be seen at: <https://www.sba.gov/document/support--express-bridge-loan-pilot-program-guide>.
* Up to $25,000 for disaster-related purposes.
* Fast turn-around.
* Bank making the loan must have a prior relationship with the borrower.
* Bridge loan while businesses apply for and await long term financing [including the SBA’s direct Disaster Loan Program]. Will be repaid in full or in part by EIDL.
* Turn Around: Within 45 days of approval, no later than 90 days
* Available through 9/13/2020

**Small Business Debt Relief Program -**

* Provides immediate relief to small businesses with non-disaster SBA loans, in particular 7(a), 504 and microloans.
* Will cover all loan payments on these loans, including principal, interest and fees, for 6 months.
* Relief will also be available to new borrowers who take out loans within 6 months of the President signing the bill into law. Will not apply to PPP Loans.
* Not a deferment, but rather debt relief that will not be required to be paid back. Will begin with your April 1 payment. Regular payments will resume on October 1. You do not need to take any action. This is automatic for all 7a and 504 loans.
* Available through 9/27/2020

**STATE OF MINNESOTA**

**MN Department of Employment and Economic Development [DEED**

**Small Business Emergency Loan Program** –

* Makes available $30 million from special revenue funds.
* These dollars will be used by DEED’s lender network to make loans of between $2,500 and $35,000 for qualifying small businesses.
* The loans at 0% interest rate; partial forgiveness may be available.
* Only Minnesota-based business will be eligible.
* Loan paid back monthly over five [5] years and the first payment is deferred for six [6] months.
* Loans will be made by an existing network of lenders DEED works with across the state.
* **See eligibility business eligibility requirements at the website**.
* Go to: <https://mn.gov/deed/business/financing-business/deed-programs/peacetime/>
* West Central Initiative is an approved lender for this program. Items related to this program should be addressed to [loans@wcif.org](mailto:loans@wcif.org)
* **Current loan requests exceed funding availability in most parts of the state. Limited funding may be available in West Central and Central Minnesota. If your business is located in one of those areas, you should contact a lender to check availability of funds.**
* **Please visit this site regularly to learn if the legislature has made additional loan funds available.**

**Small Business Loan Guarantee Program –**

* $10 million in loan guarantees
* Minnesota businesses with fewer than the equivalent of 250 employees, which includes the total of employees at the a parent company and all additional locations
* Allowable loan uses must be exclusively in Minnesota and include machinery or equipment purchases, maintenance or repair; expenses related to moving into or within Minnesota; and working capital when the working capital is secured by fixed assets when possible
* Program will provide an 80% guarantee up to a maximum of $200,000; so, maximum loan amount will be $250,000; program will be open for 12 months from the declaration of the emergency on March 13, 2020.
* Program is operational; there are a few participating banks in WC Minnesota.
* See: <https://mn.gov/deed/business/financing-business/deed-programs/loan-guarantee/>

**Revolving Loan Fund One Time Exception** –

* Existing RLFs capitalized by dollars from the Minnesota Investment Fund and held in accounts belonging to Home rule charter or statutory cities, counties or towns.
* See - <https://mn.gov/deed/business/financing-business/deed-programs/mif/onetime.jsp>

**STATE OF MINNESOTA**

**Other Agencies**

**Peacetime Emergency Child Care Grants –**

* ***$30 million in grants for child care centers and in-home providers was the original appropriation; $9.8 million was awarded during Round One applications***
* ***Child care providers that are currently operating can apply for a $4,500 monthly grant; eligible for an extra $1,000 if the program serves children with special needs, don’t speak English, or, if the service is open during nonstandard hours, like nights and weekends.***
* ***Larger child care centers that care for 15 or more children can get an additional monthly grant up to $15,500. The maximum grant a provider is eligible for is up to $21,000 in one month***. ***Providers may be eligible to receive grants for more than one month. However, grant award amounts are subject to change [increase or decrease] on a month-to-month basis.***
* ***Full details and the application form are on the Child Care Aware of Minnesota website;*** [***https://www.childcareawaremn.org/***](https://www.childcareawaremn.org/)***;***
* ***2nd round applications will open on May 5th and more information will be made available at that time. Applications will be available through May 12th.***
* ***It is anticipated that 3rd round applications will be due in mid-June.***
* ***Whether or not a child care program received a grant in Round One, they still need to complete a new application for Rounds 2.***

**Other Funding Sources**

**WEST CENTRAL INITIATIVE**

**Emergency Child Care Grant Program** –

* The six [6] Minnesota Initiative Foundations each committed $50,000 to capitalize this program – a total of $300,000.  They are working to secure additional resources.
* Funds are dedicated for Greater Minnesota child care providers.
* Grants awarded on a first come, first served basis
* Grants of $1,000 to family-based providers and $3,000 to center-based providers in west central Minnesota service rea that includes Becker, Clay, Douglas, Grant Otter Tail, Pope, Stevens, Traverse and Wilkin counties and White Earth Nation.
* To be eligible, providers must be caring for the children [ages birth to 5 years] of parents or guardians who are working in government-identified critical sectors that are exempt during this time from the stay-at-home order.
* In west central Minnesota, the program is available through West Central Initiative - <https://www.wcif.org/emergency-fund-for-licensed-child-care-programs-application/emergencyccfundsapp.html>

**OTTO BREMER TRUST**

**Emergency Fund** –

* Created a $50 million emergency fund to be set-up through its Community Benefit Financial Company [CBFC] subsidiary.
* Provide support to Minnesota, Wisconsin, North Dakota, and Montana nonprofits and other community organizations.
* Fund will provide emergency funding, loans, lines of credit and other financial resources to organizations impacted by and responding to the COVID-19 outbreak
* More details will be posted to the website: <https://ottobremer.org/>

**U.S. CHAMBER OF COMMERCE**

**Save Small Business Fund –**

* $5,000 grants on a first come, first serve basis
* To read about these and to apply, go to: https://www.savesmallbusiness.com. These funds will become available on April 20th.
* **All funds have been awarded.**

**SALESFORCE**

**Salesforce Care Small Business Grants –**

* $10,000 grants to eligible small businesses; companies must
* Be a for-profit company
* Have between 2 to 50 employees
* Have been in business for 2 full years as of March 2020
* Have an annual revenue between $250k and $2M
* Have experienced challenges from COVID-19
* Meet all other eligibility requirements as stated in the Grant Program Terms
* Apply at: <https://grants.ureeka.biz/salesforce>
* Application cycle for Minnesota businesses opens on April 27th at 8:00 AM PT and closes on May 4th at 11:59 PM PT

**LISC**

**Small Business Relief Grants –**

* Support small businesses and enterprises affected by COVID-19, especially those in underserved communities, including entrepreneurs of color, women- and veteran-owned businesses that often lack access to flexible, affordable capital.
* Next application round will open on May 14th.
* Can register to receive email updates on the program; <https://www.lisc.org/covid-19/small-business-assistance/small-business-relief-grants/?mc_cid=e657e041af&mc_eid=18a6dad106>

**HORST RECHELBACHER FOUNDATION**

**COVID-19 Relief Grant –**

* $1,000 grants will provide financial assistance to beauty professionals or students of beauty programs, whose lives have been drastically changed by the mandated closures in response to COVID-19.
* <https://beautychangeslives.org/horst-rechelbacher-foundation-covid-19-relief-grant/?mc_cid=e657e041af&mc_eid=18a6dad106>
* **Closed to applications**

**HELLO ALICE**

**COVID-19 Business for All Emergency Grant –**

* $10,000 to support small businesses impacted by COVID-19
* Grant recipients will also receive on-going support from the Hello Alice community
* <https://helloalice.com/resources/funding/hello-alice-covid-19-business-for-all-emergency-grant>

Resources:

SBA Economic Injury Disaster Loan website: [www.Disasterloan.sba.gov/ela/](http://www.Disasterloan.sba.gov/ela/)

MN State SBDC Website: [www.mn.gov/deed/business/help/sbdc/](http://www.mn.gov/deed/business/help/sbdc/)

West Central MN SBDC website: [www.westcentralmnsbdc.com](http://www.westcentralmnsbdc.com)

Register for consulting services with the SBDC by clicking the registration link on our website.

*Authored by:*

*Skip Carpenter, Consultant, West Central MN SBDC, 5/11/2020*