

COVID-19 Small Business Programs Loans and Grant Details

As of April 24, 2020

Please be advised that this information is current to the best of our knowledge as of April 24, 2020. As soon as updated information becomes available, this document will be updated.

Questions or For More Information Contact:

For program questions and/or business counseling, please register with or contact a Yavapai County Small Business Development Center (SBDC) representative:

[REGISTER ONLINE WITH THE SBDC HERE](#)

Or call 928-717-7232 to Schedule a Virtual Appointment

Verde Valley:

Ruth Ellen Elinski, ruthellen.elinski@yc.edu

Countywide:

Jeri Denniston, jeri.denniston@yc.edu

Karen Eads, karen.eads@yc.edu

Marie Platowski-Beals, marie.platowski-beals@yc.edu

Ray Sola, raymond.sola@yc.edu

Or

Contact your local Economic Development Organization or Chamber Of Commerce. Please click [here](#) to search for your local Yavapai County contact.



COVID-19 Small Business Update



SYNOPSIS OF THREE LOANS AND THE ADVANCE

- **The Economic Injury Disaster Loan (EIDL)** is a 30-year, fixed-rate 3.75% interest rate loan for small businesses under 500 employees. Its purpose is to provide **6 months of working capital** to cover monthly business expenses which include rent, utilities, accounts payable, loan payments, and payroll expenses. There is no obligation to accept it and there are no pre-payment penalties. Sole proprietors, independent contractors, cooperatives, employee-owned businesses tribal small businesses, small agricultural cooperatives, and non-profits [501 (c)(3), 501 (c)(6), 501 (c)(19)], may apply. In the case of non-profits the interest rate is 2.75% with all other requirements the same as small businesses. This loan is direct from the Federal SBA and is funded through the US Treasury.
- **Included in the EIDL application** is a request for a near-immediate **grant of up to \$10,000**. The Advance is being determined based on the number of employees up to a maximum of \$10,000 per business. This does not need to be repaid and can be used for rent, payroll, utilities, mortgage payments, and other operating expenses. The only way to access this grant is to apply for the EIDL. There is no obligation to accept the EIDL once an SBA Loan officer contacts the applicant to discuss the loan. The intent is to provide the advance of up to \$10,000 within 3 days of submitting the application via a direct deposit to the business or non-profit bank account.. This grant is direct from the Federal government and funded through the US Treasury as part of the CARES Act.
- **The Paycheck Protection Program** provides small businesses with funds to pay **up to 8 weeks** of payroll costs including benefits. Funds can also be used to pay interest on mortgages, rent, and utilities. Funds are provided in the form of loans that will be fully forgiven when used for payroll costs, interest on mortgages, rent, and utilities (due to likely high subscription, at least 75% of the forgiven amount must have been used for payroll). Loan payments will be deferred for six months. No collateral or personal guarantees are required. Neither the government nor lenders will charge small businesses any fees. In order for the loans to be forgiven, employers **MUST** keep employees on payroll at the same salaries as before the crisis or quickly rehire employees once the crisis passes. Small businesses with 500 or fewer employees—including private nonprofits [except 501(c)(6)], veterans organizations, tribal concerns, self-employed individuals, sole proprietorships, and independent contractors—are eligible. Businesses with more than 500 employees are eligible in certain industries. This loan is processed through standard SBA 7(a) lenders.
 - This is a fixed-rate 1.0% (can be up to 4 percent) loan due in 2 years with no pre-payment penalty and no application fees
 - The loan amount is 2.5X payroll costs including benefits, vacation, sick leave, and state and local taxes. It does not include Federal payroll tax
 - Only 25% is to be used for rent, mortgages, utilities and other expenses

- **Express Bridge Loan** for the COVID-19 disaster can be applied for through **March 13, 2021**. It can only be made through a qualified SBA Express Lender. Eligible small businesses are those with which the SBA Express Lender had a pre-existing banking relationship prior to March 13. The small business must have a physical presence in the area where the disaster is declared. This can include a home office. An applicant can obtain only one (1) EBL. The EBL will NOT count toward the maximum number of SBA Express loans a borrower can have, but it WILL count towards the maximum limitation on the amount of 7(a) loans a borrower can have. See *Express Bridge Loan Program Guide* for more information.
 - Maximum loan amount is \$25,000
 - Loan is guaranteed by the SBA and counts towards the SBA maximum guaranty exposure for all SBA Express Loans with the lender.
 - Term loan for a maximum of 7 years (cannot be a line of credit)
 - Can only be used for the business survival or to reopen the business
 - Rate can be up to 6.5% over Prime, either fixed or variable depending on lender standards
 - Subject to the same upfront fees as with SBA 7(a) loans
 - Lender may charge annual service fees as with SBA 7(a) loans
 - Lender may impose other fees

Criteria to qualify for the EBL:

- Business owner cannot get available credit elsewhere, meaning they cannot obtain loan funds at reasonable rates from non-Federal sources;
- Business was operational on or before March 13, 2020
- Owner can demonstrate that COVID-19 has adversely affected their business
- Business has a FICO Small Business Credit Score of at least 130
- Owner/guarantor has a satisfactory personal credit score under the lender's standards
- Business must be small under SBA size requirements for that industry
- Business cannot have any associates who are incarcerated, on probation, on parole, or subject to an indictment, criminal information, arraignment, or have any formal criminal charges against them in any jurisdiction
- Owner cannot have any delinquent Federal debt or prior loss to the government, unless it was waived by the SBA for good cause.

If you have questions or need assistance, please contact the Yavapai College SBDC. Visit www.yc.edu/sbdc and click on the large blue button.

Or call 928-717-7232 to schedule a virtual appointment.

The Economic Injury Disaster Loan (EIDL)

Eligibility

- Sole proprietors, independent contractors, cooperatives and employee-owned businesses and tribal small businesses, small agricultural cooperatives, 501 (c)(3), 501 (c)(6) and (c)19 veteran private non-profits (with IRS tax exempt designation), may apply.
- For-profits under 500 employees and private non-profits of any size may apply.
- Some agricultural cooperatives which meet the SBA size requirements may also qualify.

Uses of Funds

- Provides 6 months of working capital to cover monthly business expenses which include rent, utilities, accounts payable, loan payments, and payroll expenses.
 - Advance Request for a near-immediate Advance of up to \$10,000. This is based on the number of employees pre-disaster as of January 31, 2020. The Advance will provide \$1,000 per employee up to a maximum of \$10,000.
 - If you receive this grant and PPP funds, the amount of the grant will be deleted from the PPP loan eligibility amount.
 - Does not need to be repaid and can be used for rent, payroll, utilities, mortgage payments, and other operating expenses.
 - The only way to access this grant is to apply for the EIDL.

Terms

- Thirty year payback for all loans.
- Payments are deferred for first year, but interest accrues immediately.
- No pre-payment penalty.
- No fees.
- Fixed-rate 3.75% interest rate for small businesses and 2.75% interest for non-profits.
- Maximum loan is \$2M.
- No collateral under \$25,000. Over \$25,000 collateral may include furniture, fixtures, equipment etc. if available.
- Personal guaranty over \$200,000.
- No specific credit score is required, however, SBA will verify the loan can be repaid.
- The intent is to provide an advance of up to \$10,000 within 3 days of submitting the application via a direct deposit to the business or non-profit bank account.
- The loan and grant are direct from the SBA and is funded through the US Treasury.
- There is no obligation to accept the EIDL once an SBA Loan officer contacts the applicant to discuss the loan.

Process

- Fill out the application [here](#)
- Check grant request on application.
- The intent is to fund this within three weeks of submitting the loan application.
- Loan reviewer preparation documentation.
 - [Tax Return Request - Form 4605 T](#)
 - [Personal Financial Information- Form 413](#)

The Paycheck Protection Program

Eligibility

- Small businesses with 500 or fewer employees per location, including nonprofits (501(c)3), faith-based organizations, veteran organizations (501(c)19), tribal businesses, self-employed individuals, sole proprietorships, and independent contractors.
- Start date for applications: April 3 for small businesses, non-profits, and sole proprietorships, April 10 for independent contractors and self-employed individuals .
- Business or payroll provider must have an Employer Identification Number (EIN).
- The new legislation has set aside funds for smaller community lenders.

Uses of Funds

- Provides funds to pay up to 8 weeks of payroll costs including benefits. Can also be used to pay interest on mortgages, rent, and utilities.
- Funds are provided in the form of loans that will be fully forgiven when used for payroll costs, interest on mortgages, rent, and utilities (due to likely high subscription, at least 75% of the forgiven amount must have been used for payroll).
- In order for the loans to be forgiven, employers MUST keep employees on payroll at the same salaries as before the crisis or quickly rehire employees once the crisis passes.
- The loan amount is 2.5 times average monthly gross payroll costs including salaries, wages, commissions, health insurance. Retirement benefits, vacation, sick leave, state taxes, local taxes, excluding federal withholding and FICA.
- If you received grant/advance funds from the EIDL program, the grant amount will be deducted from your PPP loan amount.
- Calculation based on 2019 monthly average, or January and February of 2020 if not in business in 2019, or for seasonal business use a twelve week period beginning February 15 or March 1 to June 30.
- Cannot include individual salary amount over \$100,000, but all benefits may be included.
- Do not include independent contractors in the calculation.
- Only 25% is to be used for rent, mortgages, utilities and other expenses.

Terms

- Six months of deferred payments with interest accruing at time of loan.
- Maximum loan is \$10 million not to exceed 250% of monthly payroll costs.
- Two year repayment of non-forgiven portion of loan.
- No collateral or personal guarantees are required.
- No fees charged by the government or lenders.
- Fixed-rate 1.0% (can be up to 4 percent) loan.
- No pre-payment penalty
- Detailed records must be maintained for loan forgiveness.

Qualifications

- Loan is processed through any SBA approved lenders.
- May only apply at one lender.

- Example One of application process and document request by one bank.
 - Upload proof of payroll with file size and number of files restrictions.
 - Request 2.5 times monthly payroll.
 - Want zeros in the application where accounts payable information requested.
- Example Two of application process and document request by one bank.
 - 2019 average monthly payroll report which came from a report by the payroll processor.
 - A spreadsheet detailing general ledger entries for group health insurance with monthly total 2019 average.
 - A spreadsheet detailing general ledger entries for IRA matching contributions with monthly total and 2019 average.
- Lenders provide the application, which may be different by lender. Current known lenders in Yavapai County: Foothills Bank, National Bank of Arizona, BBVA, OneAZ Credit Union, Chase, Wells Fargo, and BMO Harris.
- Other lenders include: Paypal, DreamSpring, Square, Intuit, Blue Vine, Funding Circle, and Kabbage,
- Businesses are encouraged to apply in two or three places. If your lender turns you down, go to one of the online sources.

Resources

- [PPP Loan Calculator](#)
- [FAQ](#)
- [Borrower Information Sheet](#)
- [SBA PPP Lenders](#)

Express Bridge Loan

Eligibility

- Application through **March 13, 2021**.
- Must be made through a qualified SBA Express Lender.
- Eligible small businesses must have a pre-existing banking relationship with the SBA Express Lender prior to March 13, 2020.
- The small business must have a physical presence in the area where the disaster is declared. This can include a home office.
- An applicant can obtain only one (1) EBL. The EBL will NOT count toward the maximum number of SBA Express loans a borrower can have, but it WILL count towards the maximum limitation on the amount of 7(a) loans a borrower can have. *See Express Bridge Loan Program Guide for more information.*

Terms

- Maximum loan amount is \$25,000
- Rate can be up to 6.5% over Prime, either fixed or variable depending on lender standards
- Term loan for a maximum of 7 years (cannot be a line of credit)
- Loan is guaranteed by the SBA and counts towards the SBA maximum guaranty exposure for all SBA Express Loans with the lender.
- Can only be used for the business survival or to reopen the business
- Subject to the same upfront fees as with SBA 7(a) loans
- Lender may charge annual service fees as with SBA 7(a) loans and other fees.

Qualification Criteria

- Business owner cannot get credit elsewhere, meaning they cannot obtain loan funds at reasonable rates from non-Federal sources
- Business was operational on or before March 13, 2020
- Owner can demonstrate that COVID-19 has adversely affected their business
- Business has a FICO Small Business Credit Score of at least 130
- Owner/guarantor has a satisfactory personal credit score under the lender's standards
- Business must be small under SBA size requirements for that industry
- Business cannot have any associates who are incarcerated, on probation, on parole, or subject to an indictment, criminal information, arraignment, or have any formal criminal charges against them in any jurisdiction
- Owner cannot have any delinquent Federal debt or prior loss to the government, unless it was waived by the SBA for good cause.

Local First Arizona Small Business Relief Fund

Local First Arizona has created the Small Business Relief Fund to provide mini-grants (typically ranging from \$1000 - \$2500) to locally-owned small businesses. Local First Arizona is attempting to serve as many individuals and families in need as possible.

Eligibility Criteria:

- The business has 0-3 employees.
- The business had less than \$250,000 in gross annual revenue (approximately \$35k-\$45k in net profits)
- The business is independent and locally-owned (no franchises allowed at this time)
- Priority will be placed on business owners with children under 18 at home.
- This business serves as the sole income for the business owner's family.
- Only one application per business will be accepted for the Small Business Relief Fund.

For more information and to apply, please click [here](#). This is a simple application process and easy to quickly fill out.