

CHINATOWN SMALL BUSINESS LOAN OVERVIEW

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- Below you will find accurate data based on the House Small Business Committee’s analysis of Small Business Administration (SBA) loan data for the Paycheck Protection Program (PPP) and the Economic Injury Disaster Loan (EIDL) program. Both programs have been instrumental in helping Chinatown small businesses weather the economic impact of COVID-19.

SBA Loans In Chinatown		
	PPP	EIDL
Number of Loans:	1,062	358
Total Amount of Loans:	\$94,633,409	\$30,365,700

Small Business Administration Economic Relief Programs

The Paycheck Protection Program

Congress created the Small Business Administration’s (SBA) Paycheck Protection Program (PPP) in the CARES Act to provide employers with fully forgivable loans, primarily for helping them retain employees. Banks, credit unions, and nonprofit lending institutions made 100% SBA guaranteed loans to eligible borrowers, who must use a portion of the loan proceeds on “payroll costs,” including salaries/wages and other benefits to qualify for loan forgiveness. Prospective borrowers are eligible for both PPP and EIDL programs. Though PPP lending authority expired August 8, Chairwoman Velázquez is working to extend the program.

The Economic Injury Disaster Loan and Advance Programs

SBA’s longstanding Economic Injury Disaster Loan (EIDL) program has assisted small businesses and homeowners recovering from natural disasters for decades. In response to the COVID-19 pandemic, Congress amended the Small Business Act to ensure small businesses impacted by the COVID-19 pandemic would also have access to EIDLs, which offer long-term, low-interest loans to businesses for working capital expenses. Congress also created a new EIDL Advance program that offered EIDL applicants the opportunity to apply for a grant of up to \$10,000. Though EIDL Advance funding has lapsed, Chairwoman Velázquez is working to replenish funding.

PPP	EIDL
<p><u>Overview</u></p> <ul style="list-style-type: none"> • New SBA loan program (closed as of Aug. 8) for small businesses, self-employed, eligible non-profits, and gig workers to stay afloat during the COVID-19 pandemic. Loans are eligible for full forgiveness if proceeds are used to retain employees. • The maximum PPP loan amount is 2.5 times average monthly payroll costs, up to \$10 million. More detailed PPP guidance is available on Treasury’s website: https://home.treasury.gov/policy-issues/cares/assistance-for-small-businesses. 	<p><u>Overview</u></p> <ul style="list-style-type: none"> • Existing SBA loan program for small businesses that experienced revenue declines resulting from a natural disaster or the COVID-19 pandemic. SBA is limiting EIDL sizes to \$150,000. • In addition to the EIDL loan program, Congress created an EIDL Advance program in the CARES Act that would provide a grant of up to \$10,000 for EIDL applicants (funding has since lapsed for Advances). For more information on these two programs, please visit the EIDL page on SBA’s website: https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/economic-injury-disaster-loans.
<p><u>Financing Source</u></p> <ul style="list-style-type: none"> • Financing is provided by private sector lenders and is guaranteed by SBA. 	<p><u>Financing Source</u></p> <ul style="list-style-type: none"> • Financing is provided directly by SBA.

<p>How to Apply</p> <ul style="list-style-type: none"> • When re-opened, interested borrowers may find a PPP lender through SBA’s Lender Match portal: https://www.sba.gov/funding-programs/loans/lender-match. • As of August 24, \$133.9 billion remains in the PPP fund. 	<p>How to Apply</p> <ul style="list-style-type: none"> • Interested borrowers may apply directly to SBA: https://covid19relief.sba.gov/.
<p>Terms</p> <ul style="list-style-type: none"> • 1% interest, 5-year maturity. Loan proceeds may be used for: <ul style="list-style-type: none"> ◦ Employee compensation, including salaries, wages, commissions, or similar compensation; cash tips or equivalents; vacation, parental, family, medical, or sick leave; payment required for providing group health care benefits (including insurance premiums); payment of retirement benefits; and payroll taxes; ◦ Any compensation or income of sole proprietors or independent contractors not greater than \$100,000 a year; and ◦ Payment of interest on mortgage obligations, rent, utilities, and interest on pre-existing debt obligations. • To qualify for full forgiveness, at least 60% of loan proceeds must be used towards “payroll” costs. Additional forgiveness information and forms, can be found here: https://www.sba.gov/article/2020/jun/18/sba-treasury-announce-new-ez-revised-full-forgiveness-applications-paycheck-protection-program 	<p>Terms</p> <ul style="list-style-type: none"> • 3.75% interest for small businesses; 2.75% for private nonprofits. Up to 30-year maturity (determined on case-by-case basis based on borrower’s ability to repay). Loan proceeds may be used for working capital expenses, paying fixed debts, payroll, accounts payable, and other expenses that could have been paid but for the disaster.

<p>Eligibility</p> <ul style="list-style-type: none"> • Any small business concern that meets SBA’s size standards; sole proprietors, independent contractors, and self-employed persons; • Any business with a NAICS code that begins with 72 (Accommodations and Food Service) that has more than one physical location and employs less than 500 people per location; and • Any 501(c)(3) nonprofit organization, 501(c)(19) veterans organization, or tribal business concern with the greater of 500 employees or that otherwise meets the SBA industry size standard. 	<p>Eligibility</p> <ul style="list-style-type: none"> • Businesses, agricultural enterprises, co-operatives, Employee Stock Ownership Plans (ESOPs), and tribal small business concerns with 500 or fewer employees; sole proprietors and independent contractors; and private non-profits.
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Did You Know? SBA has hundreds of Resource Partners across the country that are open and available to answer all your small business questions and concerns. SBA Resource Partners include Small Business Development Centers (SBDCs), Women’s Business Centers (WBCs), Service Corps of Retired Executives (SCORE) Chapters, and Veterans Business Outreach Centers (VBOCs). Each provides in-person and virtual counseling and training services to small business owners and entrepreneurs. To find your nearest SBA Resource Partner please visit: <https://www.sba.gov/local-assistance/find/>.

With an additional \$25 million in funding provided through the CARES Act, America’s SBDCs and the Association of Women’s Business Centers created a website specifically for information related to COVID-19 Federal resources for small businesses. For information on COVID-19 Federal resources for small businesses please visit: <http://covid-sb.org/>.