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Resources for Small Businesses

Our nation's small businesses are facing unprecedented economic disruption due to COVID-19. On March 27, the President signed into law the CARES Act, which contains \$376 billion in relief for American workers and small businesses.

FUNDING OPTIONS

In addition to traditional SBA funding programs, the CARES Act established several new temporary programs to address the COVID-19 outbreak.

- **Paycheck Protection Program**
 - o The Paycheck Protection Program is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll.
 - o SBA will forgive loans if all employees are kept on the payroll for eight weeks and the money is used for payroll, rent, mortgage interest, or utilities.
 - o This program is for any small business with less than 500 employees, private non-profit organizations or 501(c)(19) veterans organizations affected by COVID-19
- **EIDL Loan Advance**
 - o The SBA's Economic Injury Disaster Loan provides vital economic support to small businesses to help overcome the temporary loss of revenue that they are experiencing as a result of COVID-19
 - o This program is also for any small business with less than 500 employees, private non-profit organizations or 501(c)(19) veterans organizations affected by COVID-19
 - o Funds will be made available following a successful application and the loan advance will not have to be repaid.
- **SBA Express Bridge Loans**
 - o This program allows small businesses who currently have a business relationship with an SBA Express Lender to access up to \$25,000 quickly.
 - o These loans can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing and can be a term loan or used to bridge the gap while applying for a direct SBA Economic Injury Disaster loan.
 - o This loan will be repaid in full or in part by proceeds from the EIDL loan
- **SBA Debt Relief**
 - o The SBA will automatically pay the principal, interest, and fees of current 7(a), 504, and microloans for a period of six months.
 - o The SBA will also automatically pay the principal, interest, and fees of new 7(a), 504, and microloans issued prior to September 27, 2020.

Los Angeles City Small Business Emergency Microloan Program

- **Microloan Terms**
 - o \$5,000 to \$20,000 limit
 - o Interest Rates
 - Option 1: 0% for a term of up to 18 months, with repayment deferred for up to 6 months
 - Option 2: 3% for a term of up to 5 years, with repayment deferred for up to 12 months (for profit businesses)
 - Option 3: 2% for a term of up to 5 years, with repayment deferred for up to 12 months (for tax-exempt businesses)
 - o This loan is to be used for working capital only and includes no fees
 - o Eligible borrowers
 - For-profit and tax-exempt businesses in the City of LA with 100 or fewer employees that have been negatively impacted by COVID-19 and will make their best effort to continue or re-establish their business operations and employees.