



March 31, 2020

(Created by Skip Carpenter, West Central MN SBDC)

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 January 31, 2020.
- 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 in 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.
- No prepayment penalties.
- **Apply at: <https://covid19relief.sba.gov/#/>.**

Emergency Economic Injury Grants [EEIG] –

- Provide an emergency advance of up to \$10,000 to small businesses and private non-profits harmed by COVID-19 within 3 days of applying for an Economic Injury Disaster Loan [EIDL].
- 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.
- May be available even if your EIDL application was declined, or is pending.



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.
- All current SBA 7[a] lenders are eligible lenders for the PPP. New lenders may be approved by the Department of Treasury.
- 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.

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.

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.



**STATE OF MINNESOTA
MN Department of Employment and Economic Development [DEED]**

Small Business Emergency Loan Program –

1. Makes available \$30 million from special revenue funds.
2. These dollars will be used by DEED's lender network to make loans of between \$2,500 and \$35,000 for qualifying small businesses.
3. The loans will be 50% forgivable, and offered at a 0% interest rate.
4. Only Minnesota-based business will be eligible.
5. Loan paid back monthly over five [5] years and the first payment is deferred for six [6] months.
6. Loans will be made by an existing network of lenders DEED works with across the state.
7. See eligibility requirements at the website.
8. Go to: <https://mn.gov/deed/business/financing-business/deed-programs/peacetime/>
9. Lenders in the region include:
 - a. Northwest MN Foundation: www.nwmf.org (Beltrami, Clearwater, Hubbard, Lake of the Woods, Kittson, Mahnomon, Marshall, Norman, Pennington, Polk, Red Lake, Roseau)
 - b. Greater Bemidji www.greaterbemidji.org (Beltrami, Cass, Clearwater, Hubbard)

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.
- DEED is currently seeking lenders to participate in the program, so watch the program.
- 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>

OTHER STATE AGENCIES

Child Care Grants –

- \$30 million in grants for child care centers and in-home providers
- 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, based on capacity.
- Program to be administered by Child Care Aware of Minnesota;
<https://www.childcareawaremn.org/>; they hope to have program information out by the end of the week – April 3rd.

Other Funding Sources NORTHWEST MN FOUNDATION

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 Northwest Minnesota service area that includes Beltrami, Clearwater, Hubbard, Kittson, Lake of the Woods, Mahnomon, Marshall, Norman, Pennington, Polk, Red Lake and Roseau.
- 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 Northwest Minnesota, the program is available through the Northwest MN Foundation -
<https://www.nwmf.org/covid-19-updates-and-resources/>

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/>



Resources:

SBA Economic Injury Disaster Loan website: www.Disasterloan.sba.gov/ela/

MN State SBDC Website: www.mn.gov/deed/business/help/sbdc/

Northwest MN SBDC website: www.nwsbdc.org

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

NWSBDC is hosted by the Northwest Minnesota Foundation, 201 3rd St NW, Bemidji, MN 56601

NWSBDC additionally has a satellite office hosted by the University of Minnesota Crookston

(all services are currently being provided via distance through web or phone conference until further notice)

Original authored by:

Skip Carpenter, Consultant, West Central MN SBDC, 3/31/2020 (updated with NWSBDC info)

