

COVID-19 Small Business Emergency Relief Resources

The SBA is offering emergency relief programs for small businesses and nonprofits affected by the COVID-19 situation. The Paycheck Protection Program (PPP) is a result of the unanimously passed Coronavirus Aid, Relief and Economic Security (CARES) Act on March 25, 2020. Prior to passage of the CARES Act, the SBA began offering the Economic Injury Disaster Loan (EIDL). German American Bank is certified by the Small Business Administration and can assist you with your emergency relief needs. Our business bankers are available to discuss your options to determine the best fit for your unique situation and to help you in the preparation and submission of your application to the SBA.

Paycheck Protection Program (PPP)	
The PPP is a federally guaranteed loan which provides cash flow assistance to small business and nonprofit employers who maintain their payroll during the emergency. Companies with 500 employees or fewer that were operational February 15, 2020 are eligible to participate. All or a portion of the loan proceeds may be forgiven.	
Loan Size	Equal to 250% or 2.5x an employer's average monthly payroll (see page 2) up to \$10 million to cover salary, wage, commission, cash tips, and group health care benefits, including insurance premiums, retirement contributions and covered leave.
Cost of Program	Program costs will be reduced by fee waivers. Loan payments resulting from any unforgiven portion are automatically deferred for the first 6 months.
Interest Rate and Loan Term	Maximum interest rate of 4% with a maximum term of 10 years for the unforgiven portion of the loan.
Use of Proceeds	The proceeds may be used for employee salaries, paid sick leave, group health care benefits, mortgage payments, rents, utilities, and payments on other obligations.
Debt Forgiveness	The debt used for payroll cost, mortgage interest payments, rent and utility payments during the 8 week period following disbursement of the PPP loan funds will be forgiven. Debt forgiveness may be reduced if an employer reduces workforce or wages.
Collateral & Guarantees	No collateral or personal guarantee required.

Emergency Industry Disaster Loan Program (EIDL)	
The EIDL program is a direct SBA loan designed to provide small businesses with expedited working capital loans of up to \$2 million for vital economic support.	
Loan Size	Up to \$2 million available with the specific amount determined by the SBA based on review of applicant financials, credit and collateral.
Interest Rate and Loan Term	Interest rates are maximum of 3.75% for a for-profit company, and 2.75% for a non-profit, with a maximum loan term of 30 years.
Grant	Emergency grant of up to \$10,000 is available with these funds being made available within 3 business days.
Use of Proceeds	The proceeds may be used for fixed debt, payroll, accounts payable and other costs.

Applicants cannot receive duplicate funds for both PPP and EIDL to cover the same losses. EIDL proceeds may be refinanced into a PPP loan if it is more advantageous. See the FAQs on page 3.

Learn more about the EIDL program by visiting the SBA's website at: www.sba.gov/page/disaster-loan-applications





How much can I **BORROW** through PPP?

Loans can be up to 2.5 x the borrower's average monthly payroll costs, not to exceed \$10 million.

How do I calculate average **MONTHLY PAYROLL COSTS**?



INCLUDED PAYROLL COSTS

For Employers: The sum of payments of any compensation with respect to employees that is a:

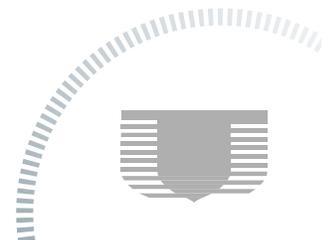
- Salary, wage, commission, or similar compensation;
- Payment of cash tip or equivalent;
- Payment for vacation, parental, family, medical, or sick leave
- Allowance for dismissal or separation
- Payment required for the provisions of group health care benefits.
- Including insurance premiums
- Payment of any retirement benefit
- Payment of state or local tax assessed on the compensation of the employee

For Sole Proprietors, Independent Contractors, and Self-Employed:

The sum of payments of any compensation to or income of a sole proprietor or independent contractor that is a wage, commission, income, net earnings from self-employment, or similar compensation and that is in an amount that is not more than \$100,000 in one year, as pro-rated for the covered period.

EXCLUDED PAYROLL COSTS

- Compensation of an individual employee in excess of an annual salary of \$100,000, as prorated for the period February 15, to June 30, 2020
- Payroll taxes, railroad retirement taxes, and income taxes
- Any compensation of an employee whose principal place of residence is outside of the United States
- Qualified sick leave wages for which a credit is allowed under section 7001 of the Families First Coronavirus Response Act; or qualified family leave wages for which a credit is allowed under section 7003 of the Families First Coronavirus Response Act.



Frequently Asked Questions



Can I have both an EIDL Loan and the Paycheck Protection Program (7a) Loan?

Yes, yet the amounts considered in the EIDL loan amount cannot include payroll costs or be used to cover payroll expenses.

Should everyone apply for the Paycheck Protection Program?

Most businesses can benefit from this. If you have to lay off employees and aren't able to re-hire them before the end of the forgiveness period on June 30, 2020, you can still have much of the loan forgiven.

Why would I apply for an Economic Injury Disaster Loan?

If your business is severely impacted by the COVID-19 pandemic, an EIDL will provide greater funds to keep you afloat longer. The Paycheck Protection Program offers forgiveness, yet the loan amount for some businesses won't be enough to sustain operations after re-opening. You may also consider applying for an emergency EIDL grant, available under the CARES Act.

Do I have to offer the FFCRA Paid Sick/Leave?

Technically Yes. If the Paid Sick/Leave Act will severely impact business operations, it is important for businesses with fewer than 50 employees to apply for the exemption, if you qualify. If you do not apply for exemption, you are required to abide by the FFCRA Sick/Pay Leave Act. Exemption qualifications will be posted and updated on the Department of Labor's website.

I'm self-employed. Am I eligible for these loans?

Yes. Self-employed individuals have a couple of options: 1) Self-employed individuals or independent contractors are eligible for enhanced unemployment options as part of the CARES Act; and 2) Self-employed individuals are eligible for the Paycheck Protection Program Loan.

What if I already applied for an EIDL Loan?

If you can benefit from the forgiveness portion of the loan, we would recommend you refinance the EIDL Loan and include the payroll portion into the Payroll Protection Loan and keep the EIDL balance for the remaining assistance.

