



ACCION

Access to Capital

COVID-19 Economic Relief for Small Business

**What
we'll talk
about
today**

01 CARES Act/Overview of COVID-19 SBA Programs
Steven Garibell | LGBTQ2+ Development Officer, TD Bank

02 Community Development Financial Institutions
Sandra Bojorque | Business Development New York Team Lead, Accion

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CARES Act



The Coronavirus Aid, Relief, and Economic Security (CARES) Act allocated \$350 billion to help small businesses keep workers employed amid the pandemic and economic downturn.



U.S. Small Business
Administration

SBA Disaster Assistance in Response to the COVID-19

- Capital to cover the cost of retaining employees?
 - Then the **Paycheck Protection Program** might be right for you.

- A quick infusion of a smaller amount of cash to cover you right now?
 - You might want to look into an **Economic Injury Disaster Loan**.

- To ease your fears about keeping up with payments on your current or potential SBA loan?
 - The **Small Business Debt Relief Program** could help.



Paycheck Protection Program

This initiative provides 100% federally guaranteed loans to small businesses.

Importantly, these loans may be forgiven if borrowers maintain their payrolls during the crisis or restore their payrolls afterward.



Paycheck Protection Program

Am I eligible?

**What you
need to
know**

- **A small business with fewer than 500 employees**
- **A small business that otherwise meets the SBA's size standard**
- **A 501(c)(3) with fewer than 500 employees**
- **An individual who operates as a sole proprietor**
- **An individual who operates as an independent contractor**
- **An individual who is self-employed who regularly carries on any trade or business**
- **A Tribal business concern that meets the SBA size standard**
- **A 501(c)(19) Veterans Organization that meets the SBA size standard**



What you need to know

Paycheck Protection Program

What will lenders be looking for in a PPP?

1. The uncertainty of current economic conditions makes the loan request necessary to support ongoing operations
2. The borrower will use the loan proceeds to retain workers and maintain payroll or make mortgage, lease, and utility payments
3. Borrower does not have an application pending for a loan duplicative of the purpose and amounts applied for here
4. From Feb. 15, 2020 to Dec. 31, 2020, the borrower has not received a loan duplicative of the purpose and amounts applied for here



Paycheck Protection Program

How much can I borrow?

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

**What you
need to
know**

How do I calculate my average monthly
PAYROLL COSTS?



sum of
INCLUDED
payroll costs

—

sum of
EXCLUDED
payroll costs

=

**PAYROLL
COSTS**



What you need to know

Paycheck Protection Program

Will this loan be forgiven?

Borrowers are eligible to have their loans forgiven.

How Much?

- A borrower is eligible for loan forgiveness equal to the amount the borrower spent on the following items during the 8-week period beginning on the date of the origination of the loan.

How could the forgiveness be reduced?

- The amount of loan forgiveness calculated above is reduced if there is a reduction in the number of employees or a reduction of greater than 25% in wages paid to employees.

What if I bring back employees or restore wages?

- Reductions in employment or wages that occur during the period beginning on February 15, 2020, and ending 30 days after enactment of the CARES Act, (as compared to February 15, 2020) shall not reduce the amount of loan forgiveness IF by June 30, 2020 the borrower eliminates the reduction in employees or reduction in wages.



U.S. Small Business
Administration

SBA Disaster Assistance in Response to the COVID-19

The U.S. Small Business Administration is offering designated states and territories low-interest federal disaster loans for working capital to small businesses suffering substantial economic injury as a result of the Coronavirus (COVID-19).

Economic Injury Disaster Loan

- Any such Economic Injury Disaster Loan assistance declaration issued by the SBA makes loans available statewide to small businesses and private, non-profit organizations to help alleviate economic injury caused by the Coronavirus (COVID-19). This will apply to current and future disaster assistance declarations related to Coronavirus.
- SBA's Economic Injury Disaster Loans offer up to \$2 million in assistance and can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing.
- These loans may be used to pay **fixed debts, payroll, accounts payable** and other bills that can't be paid because of the disaster's impact. The interest rate is 3.75% for small businesses. The interest rate for non-profits is 2.75%.
- SBA offers loans with long-term repayments in order to keep payments affordable, up to a maximum of 30 years. Terms are determined on a case-by-case basis, based upon each borrower's ability to repay.
- For questions, please contact the SBA disaster assistance customer service center at 1-800-659-2955 (TTY: 1-800-877-8339) or e-mail disastercustomerservice@sba.gov.
- Find more information on the SBA's Economic Injury Disaster Loans at: [SBA.gov/Disaster](https://www.sba.gov/Disaster).



U.S. Small Business
Administration

SBA Disaster Assistance in Response to the COVID-19

Economic Injury Disaster Advance Loan

- In response to the Coronavirus (COVID-19) pandemic, small business owners in all U.S. states, Washington D.C., and territories are eligible to apply for an Economic Injury Disaster Loan advance of up to \$10,000.
- This advance will provide economic relief to businesses that are currently experiencing a temporary loss of revenue. Funds will be made available within three days of a successful application. This loan advance will not have to be repaid

Small Business Debt Relief Programs

- This program will provide immediate relief to small businesses with non-disaster SBA loans, in particular 7(a), 504, and microloans. Under it, SBA will cover all loan payments on these SBA loans, including principal, interest, and fees, for six months. This relief will also be available to new borrowers who take out loans within six months of the President signing the bill into law.

NOTE: Borrowers may apply for PPP loans and other SBA financial assistance, including Economic Injury Disaster Loans (EIDLs), 7(a) loans, 504 loans, and microloans, and also receive investment capital from Small Business Investment Corporations (SBICs). However, you cannot use your PPP loan for the same purpose as your other SBA loan(s). For example, if you use your PPP to cover payroll for the 8-week covered period, you cannot use a different SBA loan product for payroll for those same costs in that period, although you could use it for payroll not during that period or for different workers.

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How we address problems.

Community development financial institutions (CDFIs) are private financial institutions that are 100% dedicated to delivering responsible, affordable lending to help low-income, low-wealth, and other disadvantaged people and communities in joining the economic mainstream. They often work in market niches that may be underserved by traditional financial institutions

ACCION is a nonprofit micro-lender that provides loans to small businesses and entrepreneurs.

- **Small business can go to them to assist in applying for public funds**
- **Access to immediate capital**
- **1:1 technical assistance**



Commitment to Underserved Entrepreneurs



62%

Loans to minority-owned businesses



42%

Loans to women-owned businesses



34%

Loans to start-up businesses



COVID-19 Relief Programs

This program is aimed at primarily serving women-owned, minority-owned, and low-to-moderate-income (LMI) small business owners in our core markets in New York State, the greater Boston area and the State of Florida. The COVID-19 Relief Program offers the following:

- For current clients of Accion in need of cash flow relief:
 - Deferred payments on existing loan re-payments;
 - Loan restructures as needed;
 - Support to re-finance into local and national emergency relief funds; and
 - Lending to small business owners who are otherwise not a fit for public funds.

- For new clients of Accion (for whom public relief funds are not a fit) in need of flexible capital:
 - Support to access loans from \$500 to \$50,000 with the following relief:
 - No payment required for up to the first six months;
 - Low-interest rates (Accion will only pass on the cost of loan capital); and
 - Additional flexibility in lending criteria, covered by higher provision for defaults (40%).



COVID-19 Relief Programs

Technical Assistance | Accion will work closely with every existing client in need of support to navigate financial hardships caused by COVID-19. They will work with clients to help them explore whether a deferment (for three to six months) or restructure (with extended terms to decrease monthly payments) can offer needed relief and improve cash flow.

Access to Capital | For small business owners who aren't a fit for public relief programs, Accion will offer our COVID-19 Relief Loan. They are uniquely positioned to offer a capital solution to quickly and effectively respond to the urgent and growing need for financial support impacted by COVID-19.

Financial Education | Accion will continue to provide group-based educational services to their clients via webinars and digital resources. These include webinars that outline public relief programs, eligibility criteria, and packaging support. Additionally, they will help clients on a one-on-one basis to navigate cashflow and credit management during times of disaster.

**Tell us
how we
can
help**



Steven Garibell

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