



SMALL BUSINESS ADMINISTRATION (SBA) **COVID-19 Disaster Relief Programs**

As an SBA Preferred Lender and financial partner of First National Bank, CapStar Bank is prepared to facilitate the needs of small business owners through the SBA's COVID-19 Disaster Relief Programs, including EIDL grants and loans, Express Bridge Loans and the Paycheck Protection Program (PPP), introduced as part of the \$2 trillion CARES Act Stimulus bill.

Online: www.capstarbank.com/covid19sba
eMail: SBAassistance@capstarbank.com





Economic Injury Disaster Relief (EIDL) - GRANTS

Smaller Option for Immediate Working Capital

EIDL GRANT OVERVIEW

Purpose:

Provide access to \$10K to anyone who was impacted by a covered disaster.

[Click here to see if your business is covered.](#)

Who's Eligible:

- Sole Proprietors with or without employees
- Independent Contractors
- A business of 500 or less full-time equivalents
- An ESOP of 500 or less full-time equivalents
- Tribal small business concern with not more than 500 employees

Maximum Amount:

Maximum amount of advance is \$10,000.

Use of Funds:

- Providing paid sick leave to employees unable to work due to the direct effect of COVID-19
- Maintaining payroll to retain employees during business disruption or substantial slowdowns
- Meeting increased costs to obtain materials unavailable from the applicant's original source due to interrupted supply chains
- Making rent or mortgage payments
- Repaying obligations that cannot be met due to revenue losses

Payment:

An applicant shall not be required to repay any amounts of an advance provided under this subsection, even if subsequently denied a loan under section

How to I apply?

<https://covid19relief.sba.gov/#/>

Covered period:

1/31/2020 through 12/31/2020 - EIDL Grant must be funded within that time period.

Contact Information:

1-800-659-2955

disastercustomerservice@sba.gov





Express Bridge Loan - Pilot Program

Smaller Option for Immediate Working Capital

EXPRESS BRIDGE LOAN OVERVIEW

Purpose:

Provide quick access to working capital

Who's Eligible:

- Small businesses that were located in disaster areas under the Presidential disaster declaration as of the date of disaster, or
- Small businesses located in any state, territory, or DC area that have been adversely impacted by the COVID-19 emergency.

Maximum Amount:

\$25,000

Use of Funds:

- Must be used to support the survival and/or reopening of the small business
- Working capital
- Specific disaster-related purposes such as generators, repair or replacement of inventory

Payment:

- Maximum maturity is 7 years, and maximum interest rate of P+6.5%
- Express Bridge loan can be consolidated into a larger disaster loan with a longer term

How do I apply?

Must apply with a bank you have an existing relationship with that is an SBA Express approved lender, like CapStar Bank.

Active Period:

1/13/2020-1/13/2021

Conditions:

No delinquent federal debt or prior loss unless waived by the SBA for good cause.





Economic Injury Disaster Loan - EIDL Loan

Larger Option for Working Capital

EIDL LOAN OVERVIEW

Purpose:

Provide working capital loans to small businesses either directly or indirectly impacted by a declared disaster

Who's Eligible:

- Small businesses
- Most private non-profit organizations, including:
 - Businesses directly affected by the disaster
 - Businesses that offer services directly related to the businesses in the declaration
 - Other businesses indirectly related to the industry that are likely to be harmed by losses in their community

Maximum Amount:

Up to \$2 million. Rates are 3.75% for small businesses and 2.75% for non-profit organizations with terms up to 30 years.

Use of Funds:

- Pay fixed debts
- Payroll
- Accounts Payable
- Other bills that could have been paid had the disaster not occurred

How to I apply?

Disaster loans are issued through the Department of the Treasury.

[Click here to apply.](#)

Active Period:

3/14/2020-9/30/2020



Payment Protection Program (PPP) Loans

Larger Option for Working Capital

PAYMENT PROTECTION PROGRAM (PPP) Sec. 1102 of HR 748 OVERVIEW

Purpose:

Emergency relief for businesses to cover payroll costs in an effort to keep employees on their payroll during the COVID-19 crisis for a period of 2.5 months

Who's Eligible:

- Any business with 500 or fewer employees
Businesses in certain industries can have more than 500 employees if they meet applicable SBA employee-based size standards for those industries - click [here](#) for additional detail
- Sole Proprietors
- Independent Contractors
- Self-employed individuals (documentation is required)

Maximum Amount: *(the lesser of)*

- 2.5x the average monthly payments by the borrower for payroll costs incurred during the period prior to the date on which the loan is made
- \$10,000,000 and
- The outstanding amount of an SBA 7(b)(2) disaster loan (made during the period beginning on 1/31/2020 and ending on the date on which covered loans are made available) that will refinance through the covered loan

Eligible Uses:

- Payroll costs
- Costs related to health coverage continuation during periods of paid sick, medical or family leave, and insurance premiums
- Employee salaries, commissions or similar compensation
- Payments of interest on mortgage payments, rent, utilities
- Interest on any other debt incurred prior to the covered period

Payroll Costs Include:

The sum of payments of any compensation with respect to employees that is

- 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 employees
- 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 an amount that is not more than \$100,000 in 1 year, as prorated for the covered period

Payment Protection Program (PPP) Loans

Larger Option for Working Capital

PAYMENT PROTECTION PROGRAM (PPP) Sec. 1102 of HR 748 OVERVIEW

Payroll Costs DO NOT Include:

- The compensation of an individual employee in excess of an annual salary of \$100,000, as prorated for the covered period
- Taxes imposed or withheld under chapters 21, 22 or 24 of the Internal Revenue Code of 1986 during the covered period
- 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 (Public Law 116-127)
- Qualified family leave wages for which a credit is allowed under section 7003 of the Families First Coronavirus Response Act (Public Law 116-127)

Loan Deferment:

- The SBA shall require 7(a) lenders to provide “impacted borrowers” complete payment deferment relief for a period of no less than 6 months and not more than 1 year.
- Deferment includes principal, interest and fees.

Loan Forgiveness:

- Covered period for loan forgiveness is the 8-week period beginning on the date of the origination of the covered loan.
- Borrowers are eligible for forgiveness of the indebtedness in an amount equal to the sum of the following costs incurred and payments made during the covered period:
 1. Payroll Costs
 2. Interest on real or personal property mortgages incurred before February 15, 2020
 3. Rent on a lease in place prior to February 15, 2020, and
 4. Payment on most utilities if in place prior to February 15, 2020
- Amounts forgiven are not taxable to the borrower
- The SBA remits the forgiven amount plus interest to the lender not later than 90 days after the amount is determined.

Contact your Relationship Manager or email SBAassistance@capstarbank.com for FAQs and an interactive calculator to determine the maximum PPP advance for which you are eligible based on your payroll and other costs.



**COVID-19 (Novel Coronavirus)
Small Business Administration**

Payment Protection Program (PPP) Loans

Larger Option for Working Capital

SBA PPP Preliminary Document Checklist

The application for the Payroll Protection Program has not yet been developed, and the SBA requirements are still to be determined. However, we expect the requirements and documentation to be similar to existing SBA programs, and CapStar is experienced with the typical SBA processes.

Based on the intent of the loan program and the help it will provide, we recommend you begin collecting the following documentation now so you will be prepared. When the application becomes available, this will help us take action immediately.

Needed to help you calculate the eligible loan amount:

- ☐ Payroll reports for 2019 and 2020 year to date showing the following broken down by employee and/or officers:
 - Gross wages
 - Paid time off
 - Paid vacation
 - Pay for family medical leave
 - State and local taxes (form 940, 941 or 944)
 - 1099s for independent contractors (if applicable)
- ☐ Completed 2019 tax return OR 2019 Profit and Loss Report and Balance Sheet
- ☐ Filed 2018 Business Tax Return
- ☐ Documentation showing:
 - Funds received in the form of an Economic Injury Disaster Loan since Jan. 31, 2020, if any
 - Payments for group health care benefits including premiums paid in 2019 to 2020 year to date
 - Payment of any retirement benefits paid in 2019 and 2020 year to date

Needed for verification of forgiveness amount:

- ☐ Quarterly IRS forms 940, 941 or 944 for the following dates:
 - March 31, 2019 and June 30, 2019
 - March 31, 2020 and June 30, 2020, when available
- ☐ Documentation in the form of canceled checks, payment receipts and bank statements showing payment of the following items from Feb. 15, 2020 to June 30, 2020:
 - Mortgage Interest
 - Rent payments
 - Utilities

