



EMERGENCY FUNDING OPTIONS FOR SMALL BUSINESSES

Available to North Royalton Businesses

As of April 20, 2020

1. **SBA Paycheck Protection Program Loan.** The U.S. Small Business Administration has adapted its 7(a) program to guarantee bank loans made to small businesses and nonprofits as a result of the Coronavirus (COVID-19). This loan can be the lesser of 2.5 months of a business's payroll or \$10 million. It is partially- or fully-forgivable dependent on how the businesses spends the money. The loan is 100 percent Federally-guaranteed and will be administered by SBA-approved lenders, typically banks that already offer SBA 7(a) loans. Application and approval are all done through your bank.

Additional Details: No collateral and no personal guarantee are required. In addition to businesses with fewer than 500 employees, eligible organizations include sole proprietors, independent contractors, Tribal businesses, Veterans organizations, franchises and eligible non-profits. Eligible expenses that can be covered by this Loan include payroll, rent, mortgage interest, and utility bills; these may be forgiven from the principal, assuming the business retains its employees for at least eight weeks. A sliding scale determines forgiveness percentage if some of the employees are laid off or have their wages reduced. Payroll must account for 75 percent of the expenses covered by this Loan. Application for forgiveness can be made after June 30, 2020, and would include eligible costs incurred in an eight-week period after loan approval, but incurred between February 15 and June 30. Any capital forgiven is not taxable by the Federal government. The balance of unforgiven principal is converted to a two-year, one percent loan, with the start of payments deferred up to six months.

<https://www.sba.gov/funding-programs/loans/paycheck-protection-program> for program overview

<https://home.treasury.gov/system/files/136/Borrower%20Paycheck%20Protection%20Program%20Application%20%28v1%29.pdf> for the application

Contact: SBA disaster assistance customer service center. 1-800-659-2955 (TTY: 1-800-877-8339); disastercustomerservice@sba.gov.

2. SBA Disaster Assistance in Response to the Coronavirus. 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). This is an iteration of SBA's Economic Injury Disaster Loan that offers up to \$2 million in assistance to small businesses. 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.

Additional Details: The interest rate is 3.75 percent for small businesses. The interest rate for non-profits is 2.75 percent. 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.

<https://www.sba.gov/disaster-assistance/coronavirus-covid-19>

Contact: SBA disaster assistance customer service center. 1-800-659-2955 (TTY: 1-800-877-8339); disastercustomerservice@sba.gov

3. SBA 7(a) Loans. This is a loan guarantee program; funds can be used for any business purpose. The borrower begins the process at any bank, and negotiates rate and term. The SBA guarantees a portion (typically 75 percent) of the loan, so this is most useful in borderline cases, or to negotiate a better rate.

Additional Details: applicant must be a for-profit business; the maximum business size for SBA loans is determined by annual sales or number of employees, depending on NAICS/SIC code.

<https://www.sba.gov/partners/lenders/7a-loan-program/types-7a-loans>

Contact: local banks; or SBA Answer Desk: 800-827-5722

4. Cuyahoga County Small Business Stabilization Fund. Cuyahoga County is offering grants of up to \$5,000 for small businesses and loans over \$5,000 for small and mid-sized businesses. Businesses must have experienced more than 50 percent of revenue disruption due to COVID-19.

Additional Details: For grant eligibility, businesses must have less than 20 employees. For loan eligibility, businesses must have 500 or less employees. All businesses must have physical establishment in Cuyahoga County. See site for more details.

<https://cuyahogacounty.us/development/businesses/small-business-stabilization-fund>

5. The Federal Reserve – Main Street New Loan Facility. This is a small- to middle-market business loan program; funds can be used for any business purpose. The minimum loan size is \$1 million and the maximum is the lesser of: \$25 million or an amount that, when added to the eligible borrower's existing outstanding and committed but undrawn debt, does not exceed four times the eligible borrower's 2019

earnings before interest, taxes, depreciation, and amortization. This loan has payment and interest deferral for one year.

Additional Details: Eligible Borrowers are businesses with up to 10,000 employees or up to \$2.5 billion in 2019 annual revenues. Businesses must be created or organized from within the United States. The interest rate is equal to the Federal Reserve's Secure Overnight Financing Rate, currently 0.01 percent, plus 250-400 basis points with a four-year maturity. It is effective on April 9 and will be facilitated through approved lenders.

<https://www.federalreserve.gov/newsevents/pressreleases/files/monetary20200409a7.pdf>

Contact: Local lender

6. Local Initiatives Support Corporation (LISC) Permanent Working Capital Loan. LISC offers a working capital loan to eligible commercial and small businesses. The loan amount ranges from \$100,000 to \$500,000 for terms up to seven years. Fully amortizing payments on period up to seven years; no more than six months' interest only. Collateral can be UCC on all business assets, personal guarantees from principals or corporate guarantees, if applicable.

Additional Details: Loan fees are three percent of loan plus third-party costs and legal fees.

<https://www.lisc.org/our-model/lending/loan-products/loans-business/>

Contact: Ms. Kim Cutcher, Executive Director; 419-242-3836.

7. Local Initiatives Support Corporation (LISC) Kiva Crowdfunded Loan. LISC offers lending for working capital, start-ups, and Furniture, Fixtures and Equipment (FF&E). The loan amount can be up to \$10,000 for terms up to three years. Fully amortizing payments administered through PayPal. No collateral required.

Additional Details: zero percent interest rate, and no loan fees.

<https://www.lisc.org/our-model/lending/loan-products/loans-business/>

Contact: Ms. Kim Cutcher, Executive Director; 419-242-3836.

8. Honeycomb Crowdfunded Small Business Relief Loan. Honeycomb is offering 45-day payment-free periods, six-month interest-only periods and reductions of their posting, success, and investor fees. Loans generally range between \$10,000 and \$50,000, but it is possible to apply for larger loans. Businesses must generally have been operating for greater than one or three years depending on the amount they are applying for. Interest ranges between 7.5 and ten percent.

Additional Details: To qualify, the company must have broken even or been profitable in 2019. Loan term is three years with the first six months only requiring interest payments.

<https://www.honeycombcredit.com/relief> Loan details and application.

Contact: Dora Rankin, CLE City Manager; hello@honeycombcredit.com .

9. Growth Capital SBA Community Advantage Loan Program. Part of the Goldman Sachs 10,000 Small Businesses program. Maximum loan size is \$250,000, with interest up to Prime + 6 percent. Eligible uses include fixed assets (real estate must be 51 percent owner-occupied), leasehold improvements, receivables financing, working capital and debt refinancing. Eligible borrowers are manufacturing, distribution, wholesale, commerce or service for-profit businesses.

Additional Details: applicant must be a for-profit business, have been in operation for at least two years, and have revenues between \$150,000 and \$4 million; following the SBA standards, owners of 20 percent or greater of the company must complete personal financial statements and guarantee the loan. A first lien position will be sought, but collateral may not be necessary if funding working capital. Job creation is not required. Possibility exists to cover some closing fees with grant funds.

<http://www.growthcapitalcorp.com/growth-capital-sba-community-advantage-loan-program/>

Contact: Growth Capital Corp., 216-592-2332.

10. Hebrew Free Loan Association (HFLA) of Northeast Ohio's Interest-Free Business Loan. HFLA offers interest-free loans to qualified businesses. Maximum loan size is \$10,000 but do require more documentation than their standard loans. HFLA requires that an interest-free loan will help a business to experience growth. Application review time averages ten to 15 business days. The loans are made to registered businesses; any 20 percent-plus owner will be required to provide personal guarantees.

Additional Details: 15-month repayment term on loans up to \$3,000. 24-month repayment term on loans over \$3,000 up to \$5,000. 36-month repayment term on loans over \$5,000 to \$10,000. HFLA also has COVID-19 Emergency Loans for individuals going through related financial struggles; businesses may refer employees that have been laid-off or had their hours reduced.

<https://interestfree.org/apply/business-loans/> Loan application.

Contact: Ms. Michal Marcus, Executive Director; michal@interestfree.org; 216-378-9007.

*****Reach out to your primary lender or other traditional banks to ask about COVID-19 resources. There may be loans, payment deferrals, and other resources available through these institutions.