



# Coronavirus (COVID-19) Guidance and Resources for Santa Cruz County Businesses 3.0

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COUNTY OF SANTA CRUZ OFFICE FOR ECONOMIC DEVELOPMENT

ANDY CONSTABLE, ECONOMIC DEVELOPMENT MANAGER

APRIL 10, 2020

# Agenda

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1. Opening Remarks – Andy Constable, Economic Development Manager
2. CARES Act overview– Andy Constable, Economic Development Manager
3. Paycheck Protection Program (PPP) – Andy Constable, Economic Development Manager
4. Economic Injury Disaster Loan (EIDL)-Brandon Napoli, Director, SBDC
5. Other SBA Programs- Brandon Napoli, Director, SBDC
6. Facebook Grants- Brandon Napoli, Director, SBDC
7. California Small Business Support- Lee Takikawa, President Cal Coastal
8. Q & A with Santa Cruz County Bank- Creedence Shaw, SVP, Santa Cruz County Bank
9. Questions

# Webinar Broadcast Options

- Zoom webinar
- CTV YouTube - <https://www.youtube.com/channel/UCGIIdn3uVpcXnvHwwUlhQeew/live>
- County Facebook page - <https://www.facebook.com/countyofsantacruz/>
- CTV – Comcast channel 25 and Charter channel 71, **which will be available for replay.**
- Slides from today's webinar will be posted on [www.sccvitality.org](http://www.sccvitality.org)



## Links in Support of local businesses!

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- [What's Open Santa Cruz](#)
- [Downtown Delivered](#)
- [Santa Cruz Foodie](#)
- [San Lorenzo Valley Restaurant Guide - Takeout & Delivery](#)
- [Ride Out The Wave](#) ←

# Disclaimer

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We will be providing the most accurate and up to date information we have been provided. Due to ongoing changes in the processes, policies and interpretations in any of the material provided, we recommend staying up to date with our website.

# CARES Act – Summary for Businesses

Corona Aid, Relief, and Economic Security Act  
(CARES Act)  
signed into law on March 27, 2020



Allocates \$2.2 trillion for assistance to  
individuals, businesses, and hospitals

\$349 billion for a new Paycheck  
Protection Program (PPP)

\$10 billion to expand the  
eligibility of the Economic Injury  
Disaster Loan (EIDL) program

# SBA Products

## Funding Options

In addition to traditional SBA funding programs, the CARES Act established several new temporary programs to address the COVID-19 outbreak.



### Paycheck Protection Program

This loan program provides loan forgiveness for retaining employees by temporarily expanding the traditional SBA 7(a) loan program.

[Learn more](#)



### EIDL Loan Advance

This loan advance will provide up to \$10,000 of economic relief to businesses that are currently experiencing temporary difficulties.

[Learn more](#)



### SBA Express Bridge Loans

Enables small businesses who currently have a business relationship with an SBA Express Lender to access up to \$25,000 quickly.

[Learn more](#)



### SBA Debt Relief

The SBA is providing a financial reprieve to small businesses during the COVID-19 pandemic.

[Learn more](#)

# Paycheck Protection Program (PPP)

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- Administered under SBA's 7(a) Loan Program
- 100% federally-guaranteed loan with the following goals:
  - Help employers to retain employees
  - Cover near-term operating expenses between February 15, 2020 and June 30, 2020
- Eligibility
  - Small businesses with fewer than 500 employees [SBA Table of Size Standards](#)
  - 501(c)(3) with fewer than 500 employees
  - Sole proprietors, self-employed individuals, including 1099/gig workers
  - Independent contractors
  - Tribal businesses
  - 501(c)(19) Veterans Organizations that meet SBA requirements
  - Business must have been operating before February 15, 2020 and had paid employees or contractors



# Paycheck Protection Program (PPP) (cont.)

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- Maximum size of the loan
  - 2 times a month's payroll plus 25%, based on average monthly payments during the last year period before the loan was issued.
  - No loans larger than \$10 million
- Use of loan proceeds
  - Compensation/payroll-related costs to employees
  - Group healthcare benefits during periods of paid sick, medical, or family leave, and insurance premiums
  - Payments of interest on mortgage obligations incurred before February 15, 2020
  - Rent/lease payments under agreements in force before February 15, 2020
  - Utilities for which services began before February 15, 2020
  - Interest on other debt obligations incurred before February 15, 2020

# Paycheck Protection Program (PPP) (cont.)

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- Fees – No borrower or lender fees for participation
- Term – 2 years
- Payment Deferral – 6 months
- Interest Rate – 1.00 percent fixed rate
- Collateral – No collateral or personal guarantees required
- Loan Forgiveness
  - Up to the principal balance for loan proceeds used for qualified purposes (not more than 25% of the forgiven amount may be for non-payroll costs)
  - Subject to reduction if there is a workforce reduction or salary reduction for employees
  - No penalty for rehire of employees previously laid off (if fully restored by June 30, 2020)
  - For more information please click here: [Paycheck Protection Program](#)

# Economic Injury Disaster Loan (EIDL)

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- Temporary expanded eligibility and provides an emergency grant advance of up to \$10,000, equating to \$1,000 per employee. Will be deducted from PPP.
- Eligibility
  - In operations since 1/1/2020
  - Must be a Small Business under the [SBA Table of Size Standards](#)
  - Sole proprietors
  - Tribal businesses
  - Cooperatives and employee-owned businesses
  - Must have been in business as of January 31, 2020
  - Expanded eligibility criteria and emergency advance are only available between January 31, 2020 and December 31, 2020

# Economic Injury Disaster Loan (EIDL) (cont.)

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- Maximum size of the loan – Up to \$2 million
- Use of loan proceeds – Economic loss caused by COVID-19
- Fees – No borrower or lender fees for participation
- Term – 30 years
- Payment Deferral – 11<sup>th</sup> month
- Interest Rate
  - 3.75 percent for For-Profit
  - 2.75 percent for Non-Profit
- Collateral – None required up to \$25,000. Available collateral considered and owners 20 percent or more of the company will guarantee
- Personal Guarantees – Not required up to \$200,000

# Economic Injury Disaster Loan (EIDL) (cont.)

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- Loan Forgiveness – None
- For more Information, please click here: [Economic Injury Disaster Loan Emergency Advance](#)

# Other SBA Programs

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- [SBA Express Bridge Loans](#)
  - Enables small businesses who currently have a business relationship with an SBA Express Lender to access up to \$25,000 quickly.
- [SBA Debt Relief](#)
  - SBA will automatically pay principal, interest, and fees of current 7(a), 504, and microloans for a period of six months.
  - SBA will automatically pay the principal, interest, and fees of new 7(a), 504, and microloans issued prior to September 27, 2020.

# Facebook Grants

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- \$15 million in grants for small businesses.
- Businesses can now go to [facebook.com/grantsforbusiness](https://facebook.com/grantsforbusiness) to check eligibility and learn more about the program.
- Application process has not started, but businesses encouraged to sign up for when the application goes live.

# California Small Business Support

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- California IBANK support small businesses
  - \$50 million loan fund for loans up to \$50,000
  - Working with CDFI's in Northern and Southern California
- Sales tax deferral
  - Allowing small businesses to defer payment of sales and use taxes of up to \$50,000 for up to 12 months





# Q & A with Santa Cruz County Bank

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- Please describe the application process for the above loan programs?
- Are there any special or unique requirements?
- What is a reasonable time for response?
- Any other loan programs that your bank offers that can help small businesses?
- Challenges going forward?

Creedence Shaw SVP, Chief Credit Officer



# Questions

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