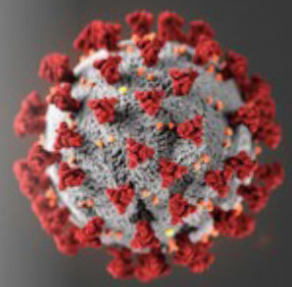


COVID-19 support

How to apply for a small business loan



Over the past few weeks, several state and federal programs have been built to assist small businesses struggling during the COVID-19 pandemic.

Different programs make sense for different businesses, so this summary guide is here to help small businesses quickly see which programs might be right for their situation.

There's so much information. Where do I start?

It's a lot of information - it's okay to feel overwhelmed! Here are some simple steps to help you get started.

- 1** First, it is helpful to have your financials in order. Most loan applications will ask you for profit and loss statements, tax returns, etc. So before applying, spend some time to gather what you have.
- 2** Second, familiarize yourself with the available loan programs. The next few pages of this document break down the different loans and why they might be helpful for your business.
- 3** Third, we recommend contacting your insurance company. You may have access to benefits you've paid into through your policy that could be helpful during this time.
- 4** Next, you can contact your bank. Your banker will have advice for you on:
 - Their own resources
 - Any U.S. Small Business Administration (SBA) programs they have access to
 - They may refer you to local lending programs such as those available through nonprofits or loan programs in certain cities or counties across Minnesota.
- 5** Now you're really ready to apply! If at any time in the process you are denied credit by a bank or the SBA, you should call any of the approved lenders for DEED's Small Business Emergency Loan Program. A list of certified lenders is available at www.brooklynpark.org.
- 6** If you do not use a bank and/or do not have insurance on your business, you can:
 - Call any of DEED approved lenders listed at www.brooklynpark.org for possible access to the program and other resources available through our lending partners. You may also call a lender in the Small Business Loan Guarantee program. Please note that these lenders are likely banks or local development organizations who have underwriting criteria.
 - Contact the Economic Development team at your city or county to see if they have a revolving loan fund that is available to your business.

Visit the COVID-19 Information for Employers and Businesses page on the DEED website for more resources related to business assistance, Unemployment Insurance and FAQs.

But how do I know which program is the right one for me? Read on...

Here's a quick summary of all the programs that could help your business:

SBA Economic Injury Disaster Loan (EIDL) – all Minnesota small businesses should apply here first! Grants of up to \$10,000 may be available to you within 3 days.

- **Summary of Loan Program:** Low interest, long term Economic Injury Disaster Loans for up to \$2 million: The first payment is deferred for 12 months. The application has been simplified and can be completed 100% online through our improved web portal at www.sba.gov/disaster. 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% and the loans can be extended over 30 years.
- **When this might make sense for you:** It can be used to maintain payroll, provide paid sick leave, meet increased costs, make rent or mortgage payments, and repay unmet expenses and obligations.
- **SBA EIDL Grants** - Businesses applying for an EIDL loan can request up to \$10,000 be disbursed immediately. The amount need not be repaid, regardless of the loan decision. The request for the grant must be made within 3 days of applying to the SBA EIDL program. The application is online at covid19relief.sba.gov.
- **When this might make sense to you:** This advance may be available even if your EIDL application was declined or is still pending, and will be forgiven.

If you need assistance with applying for the EIDL loan or requesting the related grant, see the SBA District website for trainings or call an SBDC center.

SBA Paycheck Protection Program (PPP)

- **Summary of Program:** The SBA PPP is a new federal \$350 billion loan program for small businesses, self-employed people, and gig workers to help them from going under due to the COVID-19 pandemic. If employers maintain the same number of employees on payroll, the loans would be forgiven.
- **When this might make sense for you:** If a self-employed person needs compensation or a business or nonprofit needs funds for employee compensation, including: salaries, wages, commissions, or similar compensation; cash tips or equivalents; vacation, parental, family, medical, or sick leave; payment required for providing group health care benefits (including insurance premiums); payment of retirement benefits; and payroll taxes. Funding may also be used for payment of interest on mortgage obligations, rent, utilities, and interest on pre-existing debt obligations.

Pandemic Unemployment Assistance Program

- **Summary of Program:** Congress authorized a new Pandemic Unemployment Assistance program that covers those who do not qualify for regular Unemployment Insurance benefits, such as independent contractors and self-employed people. The program was authorized but must be created by the states, so Minnesota must build out this program before it can be implemented. More information will be available soon, however it could be several weeks before payments begin.
- **When this might make sense for you:** If you are an independent contractor or self-employed person who would not typically be eligible for unemployment benefits, but you have lost income due to the COVID-19 pandemic.



Minnesota Small Business Emergency Loan Program (DEED)*

- **Summary of Program:** Minnesota Small Business Emergency Loans are made through an approved lender. You can find FAQs, application materials and lenders on the DEED website. These loans are for \$2,500 to \$35,000 and at a 0% interest rate. There is a total of \$30 million available for this program.
- **When this might make sense for you:** If you are affected by Executive Orders 20-04 and 20-08, this program could provide a 0% loan to help you meet expenses.

Minnesota Small Business Loan Guarantee Program (DEED)*

- **Summary of Program:** This program provides a 80% loan guarantee for loans up to \$250,000 made by a qualified economic development lender within this program. Details for business are not yet on DEED's website but DEED and agency partners are reaching out to lenders to make them aware of this new program – look for more details soon. This program is intended to incent the private market to make loans to small businesses and provides the guarantee for those loan dollars. The state is providing a loan guarantee of \$10 million which is likely to leverage between \$20 and \$25 million in lending by private banks.
- **When this might make sense for you:** Your lender will consider your situation and may require this guarantee in order to lend money to your business.

Unemployment Insurance Shared Work Program (DEED)*

- **Summary of Program:** The Shared Work program offers an alternative to layoffs for employers facing a temporary downturn in business. Administered by DEED's Unemployment Insurance Division, the program allows employers to divide available hours of work among a group of employees instead of implementing a full layoff. These employees may then receive partial unemployment insurance benefits while working reduced hours. The purpose of Shared Work is to avoid a layoff, not to subsidize wages.
- **When this might make sense for you:** Shared Work can help employers avoid the difficulties that can go along with a layoff. If employees keep working during a temporary slowdown, employers can more quickly gear up when business conditions improve. Learn more about the Shared Work Program on our Unemployment Insurance Division's website.

*Information about all of DEED's programs can be found at <https://mn.gov/deed/business/financing-business/deed-programs/>



That's it, you made it! If you still aren't sure which program is right for you, contact Daniela Lorenz, Business Development Coordinator at the City of Brooklyn Park.

612-280-9491
daniela.lorenz@brooklynpark.org

Remember - we're here to help you find the program you need to keep your business successful!

