

NIESAR & VESTAL LLP

Law Alert

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Using different types of resources aimed to help small businesses

A lot of resources have been made available during the past few weeks in order to help small businesses impacted by the coronavirus. We have noticed from conversations with our clients that some businesses are wondering if they can apply for one or more of these programs.

For instance, the main question was if the business can apply for both the Paycheck Protection Program (PPP) and the Economic Injury Disaster Loan (EIDL).

As discussed during our previous law alerts, businesses can apply for the PPP through any existing SBA lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating. You can find the sample [application here](#). It appears that funds from this program will be allocated to small businesses on a first-come, first-serve basis. We recommend that you reach out to your bank/lender as soon as possible (immediately) if you have not done that already.

EIDLs are another important line of support. In fact, they have always been available in the event of disaster. A new aspect of EIDL presented by the Cares Act offers the self-employed and small business owners a \$10,000 advance on a loan that doesn't have to be paid back, even if the loan itself isn't approved. The SBA offers many favorable terms in EIDLs. Some of these favorable terms include: loans are up to \$2 million, the term is 30 years, interest rates are 3.75% for small business and the first month's payments are deferred a full year from the date of the promissory note. The [online application](#) for EIDLs has been open since Monday.

Additional loan resources provided by the SBA can be found on the [SBA website](#).

It appears that borrowers may apply for different SBA loans. However, borrowers cannot use the PPP loan for the same purpose as the other SBA loan(s). If the small business accepts the EIDL loan, and it subsequently qualifies for the PPP loan, the small business can re-finance the EIDL loan with the PPP loan.

In addition to the various federal resources, states have also provided help available to small businesses.

Governor Newsom has announced \$50 million in loan guarantees for small businesses that may not be eligible for federal relief. The State of California is also allowing small businesses to defer payment of sales and use taxes of up to \$50,000, for up to 12 months. More resources offered by the State of California are available [here](#).

In addition to the various federal and state programs, we encourage you to verify if any programs that may be of interest to you may become available in your city. For example, the

City of San Francisco is making [resources](#) available to help sustain as many SF businesses as possible.

If you have any questions regarding the different types of loans or programs aimed to help small businesses, please feel free to contact Carolina Aricu (caricu@nvlawllp.com).

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