



27 Whitehall Street | New York, NY 10004 | T: 212 269 1300
info@thinkforwardfinancial.com | thinkforwardfinancial.com

Financial Insights and Advice

Economic Development Programs for COVID-Related Relief

Frequently Asked Questions (FAQ)

1. Our bank doesn't participate in the Paycheck Protection Program (PPP) and isn't an SBA lender. How do we apply?

You may need to find a smaller bank or a “non-bank” SBA lender. Many large money center banks are giving preference to their existing clients and not offering the program to new clients. We can assist you in finding a lender. You will have to open a checking account with the new bank to receive funding.

[You have options for active SBA lenders in NYS.](#)

2. Do we have to work with a preferred SBA lender?

Yes. You must work with an active SBA lender.

Many large banks have been working with SBA, developing and designing the new PPP program. These institutions typically have a separate SBA lending department with a staff prepared to handle a large volume of applications. You can also work with a specialized non-bank SBA lender that is primarily engaged in the business of SBA lending.

Some small banks may have insufficient staff and systems in place to expedite SBA loans. Contact your bank ASAP and ascertain whether your application will receive immediate attention. If not, seek another lender. Again, we're here to [assist you](#).



info@thinkforwardfinancial.com | thinkforwardfinancial.com

3. Who exactly are the active SBA lenders for the PPP?

Hundreds of SBA lenders can facilitate the new PPP. Just make sure that your chosen bank can manage your loan on an expedited basis. Be in constant contact with your relationship banker.

You have options. Large money centers with specialized SBA departments—including Chase, Bank of America, Wells Fargo, TD Bank, and Citibank—can help you, but so can some smaller community banks, credit unions, and non-bank SBA specialized lenders.

4. Is the program provided on a first-come-first-serve basis?

Yes. Although large sums have been allocated, in excess of \$328B, ultimately the funds will be distributed first come, first served. Be in regular contact with your banker and be prepared for when the bank begins accepting applications. Have the required information ready.

Note: some banks may struggle with the heavy volume of applications.

5. Will we need to move all existing accounts to the new SBA lender?

No. You will have to open a checking/DDA account with your new bank to receive funding. However, you are not required to transfer existing operating accounts.

6. What are the requirements and advantages of applying for PPP vs. EIDL?

Yes. However, PPP and SBA EIDL have different qualities to consider.

- The Economic Injury Disaster Program (EIDL) is handled and managed directly by SBA staff, not by banks, and, as a result, will take much longer to process and distribute funding.
 - Unlike the PPP, EIDL will require personal guarantees and collateral. Loans carry interest rates of 3.75% for businesses and 2.75% for nonprofits. The rate is fixed for 30 years and may be prepaid at any time without penalty.
 - A critical advantage, EIDL funds operating expenses, not just payroll costs (like PPP).
 - Loan amounts under EIDL will likely be much higher than other programs, up to \$2M for small companies.
-



info@thinkforwardfinancial.com | thinkforwardfinancial.com

- If you have significant payroll expenses, the PPP loan may be the better option. Funding is limited to the lower of 2.5 times your average monthly expenses—or \$10M.
- PPP loans provide immediate cash within days, whereas the processing and funding for an EIDL can take as long as 2 months.
- The SBA can provide an advance of \$10,000 (within three business days) of EIDL funding.
- PPP loan can be forgiven, if the business maintains a certain threshold of employees. Significantly, the EIDL can't be forgiven.

7. How can we use the EIDL advance payment?

The EIDL advance can be used for the following scenarios.

- Providing employees with paid sick leave
- Maintaining payroll
- Meeting increased costs to obtain materials
- Making rent or mortgage payments
- Repaying obligations that cannot be met due to revenue losses

8. What is the EIDL underwriting criteria?

The SBA can approve and offer EIDL loans solely based on an applicant's credit score or an appropriate alternative for determining an applicant's ability to repay.

9. How will we know if our EIDL loan request has been approved?

The SBA loan officer will contact you to discuss recommendations and next steps. You will also be advised in writing of all loan decisions.

10. Can (should) we apply for both the PPP and EIDL programs?

Yes. You can apply to both programs and be approved for both.

Ultimately, you may select only one program. If you need cash immediately, the PPP program may be the better option. You have until 30 June 2020 to decide.



info@thinkforwardfinancial.com | thinkforwardfinancial.com

11. We are a nonprofit with few employees but high operating costs due to our large facility. Which program is for us?

EIDL may be more suitable for a nonprofit with high operating costs due to specialized, large facilities, for example, sports programming. PPP funding is based on monthly payroll and, therefore, may not provide adequate funding.

In addition to securing SBA funding, you may want to contact your existing bank to obtain additional lines of credit or to increase an existing line of credit. .

12. We are a large nonprofit with 500+ employees. Does the Cares Act offer relief suitable to our situation?

Yes. The Cares Act established an Economic Stabilization Fund (ESF) of \$500B to provide loans to eligible businesses, nonprofits, and mid-sized businesses with 500 to 10,000 employees.

Note: Some ESF funding has been allocated for specific industries, like airlines, etc.

Nonprofits are eligible under ESF. However, the program's [funding mechanisms](#) have not yet been established. We do know at this time that ESF will be directed and managed by the Department of Treasury. Funding will likely come with stringent requirements and strings attached to ensure that the program is not misused. .

13. Our business is foreign owned, but U.S. based. We maintain a local banking relationship. Can we qualify for the PPP?

Yes. Contact your existing banking relationship person. It may be difficult to access regular funding programs through SBA, for example, 504 or 7(a). However, PPP is available to foreign-owned entities to cover payroll expenses of the employees who are US citizens. .

14. Besides the well-publicized PPP and EIDL, do other relief programs exist to help?

Yes. Many local economic development organizations have created new programming to assist small businesses and nonprofits with the current crisis.

Note: We will share information about additional relief programs, just as soon as details are made available. Please stay tuned to future email correspondence from ThinkForward Financial.



info@thinkforwardfinancial.com | thinkforwardfinancial.com

- We are in constant contact with NY/NJ agencies, including EDC, Empire State, and the New Jersey Economic Development Authority.
- From the NYC Department of Business Services, the [NYC Business Continuity Program](#) provides working capital of up to \$75K for small businesses.
- Various foundations have pooled their resources and created a \$75M bridge loan/grant program to help nonprofits providing arts and cultural services, health care, and other sector-specific programming. The maximum loan amount is \$3M. You can [learn more](#) about the program and apply online.
- ThinkForward maintains close relationships with the Nonprofit Finance Fund. An administrator of the [COVID-19 Response & Impact Fund](#) may be able to help your organization.

15. Can ThinkForward assist us in identifying the right relief programs for our organization? To remain competitive, we need help accessing funding sources to address both short and long-term needs.

We are tracking all assistance programs applicable to our clients' need. We can assist you by providing information or by serving as your project manager/advisor via a retainer agreement. .

16. Can ThinkForward assist in arranging other funding sources, like tax-exempt bond financing and refinancing, as well as additional business lines of credit?

Yes. We have strong relationships with more than 30 banks and non-bank lenders. We can help.

Please visit our [website](#) to complete a brief contact form—or email Sunil Aggarwal, sunil@thinkforwardfinancial.com. We will be in touch soon.

Thank you! More to come soon.
