

LAKE FOREST ECONOMIC DEVELOPMENT



Economic Development Update



Dear Business Owner:

The City of Lake Forest and Lake Forest Chamber of Commerce prepared a Business Survey to let us know how COVID-19 is impacting your business:

[Click here to complete the survey](#)

Please read through the information below:

Congress recently passed the [Coronavirus Aid, Relief, and Economic Security \(CARES\)](#) Act which is a \$2 trillion package, which specifically allocates \$10 Billion for Economic Injury Disaster Loans (“EIDLs”) and \$350 billion for Paycheck Protection Loans to help small businesses. The SBA published a guide to the CARES Act:

<https://www.sbc.senate.gov/public/index.cfm/guide-to-the-cares-act>

Economic Injury Disaster Loans

The Small Business Administration can approve loans based solely on an applicant’s credit score (not repayment ability and no tax return are required). A prior bankruptcy does not disqualify your business. A loan smaller than \$200,000 can be approved without a personal guarantee. The SBA is also not requiring real estate as collateral and will take a general security interest in business property.

Borrowers can receive \$10,000 in an emergency grant cash advance that **can be forgiven** if spent on paid leave, maintaining payroll, increased costs due to supply chain disruption, mortgage or lease payments or repaying obligations that cannot be met due to revenue loss. You can obtain the **\$10,000 emergency cash grant even if your business does not qualify for additional loan funding.**

Lending decisions are based on self-certification and your credit score, to expedite the SBA review process. CARES also waived the requirement that your business is unable to obtain credit which means you can apply even if you

already have a line of credit. This program is available to sole proprietors or independent contractors, as well as tribal businesses, and cooperatives with fewer than 500 employees and all non-profits including 501(c)(6)s.

You apply for these loans directly through the SBA at www.SBA.gov/disaster There are no loan fees, guarantee fees, or prepayment fees. Make sure to apply for Economic Injury for the Coronavirus.

Paycheck Protection Program

Congress also approved the Paycheck Protection Program Loan Guarantee. Under this program, the SBA backs small-business loans through local lenders. The program is available to small businesses with fewer than 500 employees, select types of business with fewer than 1,500 employees, 501(c)(3) non-profits with fewer than 500 workers and some 501(C)(19) veteran organization in operation before February 15, 2020. Self-employed, sole proprietors, freelance and gig economy workers are also eligible to apply.

Loans are funded up to a maximum of the lesser of \$10 million, or 2.5 times the average monthly payroll costs – including wages for employees making less than \$100,000 - as well as expenses for paid sick leave, healthcare and other benefits during the 1-year period before the date on which the loan was made. The maximum interest rate under this program is 4% with a loan term is up to 10 years. There is no personal guarantee or collateral is required for the loan. Payments are deferred up to six to 12 months.

A portion of this loan may be forgiven and not counted as income to you, provided it is spent during the first eight weeks on operating expenses. Loans are forgiven when the proceeds are used for (1) payroll costs, excluding prorated amounts for individuals with compensation greater than \$100,000; (2) rent pursuant to a lease in force before February 15, 2020, (3) electricity, gas, water, transportation, telephone, or internet access expenses for services which began before February 15, 2020, and (4) group health insurance premiums and other healthcare costs.

You can contact the local SBA Field Office directly by phone at: (714) 550-7420.

<https://www.sba.gov/offices/district/ca/santa-ana>

Feel free to contact me with any questions.

Sincerely,

Carlo Tomaino
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City of Lake Forest
949-461-3569

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