Navigating the CARES Act/
Paycheck Protection Program for
Small Businesses

Wednesday, April 8, 2020
2:00 pm - 3:00 pm
Welcome

- Introductions
- Sustainable Pittsburgh Overview
- Huntington Bank - COV-19 Access to Funding
- Q&A
- Additional Resources/Support for Small Businesses
COVID – 19
Access to Funding

Heather Thomas
VP, Sr. SBA Business Development Officer
Phone: 724-787-4058
E-mail: heather.thomas@huntington.com

Lindsay Cost
VP, Sr. SBA Product Specialist
Phone: 724-272-8128
E-mail: Lindsay.cost@huntington.com
Best Practices

At Huntington, we are dedicated to making communities stronger by supporting local business owners through even the most difficult of times. As the largest SBA lender in our region for the last 10 years, we are committed to providing resources and funding to the closely held businesses that are so vital to our community. The information shared here is not necessary comprehensive, but meant to give you a starting point from which to work.

Our approach is simple: Understand your business goals, then provide financial solutions that will support your success.

Stay current on the COVID – 19 response at Huntington Bank:

https://www.huntington.com/coronavirus
Be Proactive

• Don’t plan to ride out the storm
• Reach out to your bank and let them know if you are struggling
• Request an appointment to review items on both sides
  – Payment relief options on loans may be offered
  – Your changed and evolving Working Capital needs
  – Additional financing for working capital or other needs
    • Through the lender
    • Other capital access options
Be Prepared

• Work to understand your need—both the immediate need and your mid and long range requirements

• Work with your advisors to understand your working capital requirements. If you cannot do this before your lender discussions, at least give it some thought.
  – How are your receivables coming in now; is that expected to change? How many projects have been cancelled, etc.?  
  – What is your status with your vendors? Will they need you to catch up or will they shorten their credit terms with their clients?  
  – Is your landlord willing to help make accommodations?  
  – Will you be carrying your inventory longer?
Plan During Uncertainty

• Review your current deposit account and treasury management settings and consider if they need right-sized to your updated needs

• Review your existing loan covenants with your lender and prepare them for any unavoidable issues
  – What will happen if you can make your payments but cannot meet some of the covenant requirements or ratios?
  – Can you proactively plan for this?

• Is your line of credit access governed by a Borrowing Base Agreement? Will the evolving situation create an issue there in terms of concentrations? Prepare your lender to consider permanent vs. revolving working capital options.
# Which loan is right for me?

## Paycheck Protection Loan (PPL)

**Purpose:** Emergency working capital to keep your business operating during COVID-19

**Use of Funds:** Payroll costs, rent, interest payments, and utilities; at least 75% of loan funds must be used for payroll costs

**Amount:** Up to $10MM or 2.5x business’s average monthly payroll, whichever is less

**Rate:** Fixed interest rate of 1.00%

**Structure:** 2-year term; no payments for six months, interest will accrue during this period

**Forgiveness:** Up to 100% of eligible expenses paid with loan funds during the 8 weeks following closing, subject to compliance with program requirements

**Features:** No collateral or guarantor support required

**For Funds Deposited:** Name of the business applicant must match name of the Huntington Business Checking account in which the funds are being deposited

**How to Apply:** Contact your Business Banker, call (888) 845-7556, or visit us at huntington.com/coronavirus/business-resources

## Economic Injury Disaster Loans (EIDL)

**Purpose:** To supplement lost revenue on account of COVID-19

**Use of Funds:** Payroll expenses, fixed debts, accounts payable, other expenses

**Amount:** Up to $2MM

**Rate:** 3.75% or 2.75% for non-profits

**Structure:** Up to 30 years

**Forgiveness:** None

**Features:** Guarantor support and any available collateral required

**How to Apply:** Visit sba.gov/disaster

## SBA Traditional 7(a)

**Purpose:** New money for recovery, purposes unrelated to COVID-19

**Use of Funds:** Refinance of current debts, purchase and refinance of real estate, new money for purchases of equipment or software, working capital, business acquisitions, business improvements, support for startups that don’t qualify for disasterassistance

**Amount:** Up to $5MM

**Rate:** SBA market rates

**Structure:** Up to 25 years

**Forgiveness:** None

**Features:** Guarantor support and any available collateral required

**How to Apply:** Contact your Business Banker, call (888) 845-7556, or visit us at huntington.com/coronavirus/business-resources

---

Loans subject to credit application and approval.

All SBA loans subject to eligibility, program requirements and program availability. Huntington is the #1 SBA 7(a) lender in the region made up of Illinois, Indiana, Kentucky, Ohio, Michigan, West Virginia, Western Pennsylvania and Wisconsin from October 1, 2008 to September 30, 2019. Source: U.S. Small Business Administration (SBA) Member FDIC. Huntington® and Huntington. Welcome.® are federally registered service marks of Huntington Bancshares Incorporated. ©2020 Huntington Bancshares Incorporated.
Paycheck Protection Loan

**how does it work?**

- Loan is 100% SBA guaranteed
- Loan amount is lesser of 2.5x average monthly payroll costs or $10 million
- No collateral or personal guarantees required
- 2 year term; no payments for six months, interest will accrue during this period
- Fixed interest rate of 1.00%
- Loan forgiveness available for loan proceeds applied to eligible payroll costs, mortgage interest, rent payments and utilities during the 8 week period following loan origination.

**who is eligible?**

- Must have been in operation on February 15, 2020 and had employees for whom salaries and payroll taxes were paid or independent contractors
- Businesses and Section 501(c)(3) nonprofits with 500 or fewer employees; certain industries will have higher thresholds
- Sole proprietors, self-employed individuals and independent contractors may be eligible

**how can the proceeds be used?**

- Payroll costs, rent payments, interest payments, and utilities: at least 75% of loan funds must be used for payroll costs
- Cost related to the continuation of group health care benefits during periods of paid sick, medical, or family leave and insurance premiums
- Refinance of an SBA Disaster Loan (EIDL) that was made between the period of January 31, 2020 and the date of the loan application for the PPL loan
- Name of the business applicant must match name of the Huntington Business Checking account in which the funds are being deposited

**what’s next?**

Be application-ready by gathering the following information:

- 2019 and 2020 year-to-date monthly profit and loss statement
- 2019 and 2020 year-to-date payroll reports
- State income, payroll, and unemployment insurance filings
- TAXID/EIN and complete ownership information
- Visit us at huntington.com/coronavirus/business-resources for more information

Paycheck Protection Program loans subject to eligibility, program requirements, and program availability.

Loan forgiveness amount is dependent on the types of expenses to which loan proceeds are applied during the specified period and may be less than the full principal balance of the loan. Loan forgiveness is subject to borrower compliance with the loan forgiveness application process and other program requirements. Forgiveness is based on maintaining or quickly rehiring employees and maintaining salary levels. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease.

See reverse side for more information.
Huntington is the #1 SBA 7(a) lender in the region made up of Illinois, Indiana, Kentucky, Ohio, Michigan, West Virginia, Western Pennsylvania and Wisconsin from October 1, 2008 to September 30, 2019. Source: U.S. Small Business Administration (SBA). Loans subject to credit application and approval.

Member FDIC. Huntington® and Huntington.® are federally registered service marks of Huntington Bancshares Incorporated. ©2020 Huntington Bancshares Incorporated
Economic Injury Disaster Loan (EIDL)

**how does it work?**

- Low interest, long term loans with an option for Advance up to $10,000.
- Loan amount is determined by SBA after reviewing business’ payroll and expenses.
- Loans under $25k require no collateral. Loans over $25k must pledge available collateral.
- Interest rate for businesses is 3.75% and non-profit rate is 2.75% for up to 30 years.
- Funds are dispersed in increments so borrowers only take what they need.
- Loan payments are deferred for the first 12 months.

**who is eligible?**

- Small businesses with less than 500 employees (including sole proprietorships, independent contractors and self-employed persons), private non-profit organizations, 501©(19) veterans’ organizations, and faith-based organizations.

**how can the proceeds be used?**

- Payroll expenses, fixed debts, accounts payable, other expenses.

**what’s next?**

Be application-ready by gathering the following information:

- EIDL’s program is available directly from the SBA, they are not through a bank.
- Advance is part of the online application (page 4), it does not need to be paid back.
- The application is completed 100% online at www.sba.gov/disaster. Most clients complete the application in about 15 minutes.
- No documents are submitted with application.

Loans subject to credit application and approval.

‡All SBA loans subject to eligibility, program requirements and program availability. Huntington is the #1 SBA 7(a) lender in the region made up of Illinois, Indiana, Kentucky, Ohio, Michigan, West Virginia, Western Pennsylvania and Wisconsin from October 1, 2008 to September 30, 2019. Source: U.S. Small Business Administration (SBA)

Member FDIC. ©, Huntington® and ®Huntington. Welcome.® are federally registered service marks of Huntington Bancshares Incorporated. ©2020 Huntington Bancshares Incorporated.
SBA 7(a) Lending Basics

The Small Business Administration (SBA) is a government-guaranteed loan program. While the loan is booked with Huntington, the SBA guarantees up to 75% of the loan. As a preferred SBA lender, Huntington can expedite decisions on loan requests. The SBA guaranty is used to mitigate risk, not make risky loans.

SBA FINANCING ALLOWS YOUR BUSINESS TO:

• Improve cash flow with extended loan terms
• Protect equity by reducing your down payment
• Acquire or start a new business by assisting with collateral shortfalls
• Grow faster with projection based lending
• Borrow over $5 million in guaranteed funds
• No financial covenants – just reporting requirements
• View the entire project for financing - including all soft costs and permanent working capital
Debt Restructure Highlights

• **Debt Consolidation or Refinance:**
  - The SBA issues a term/amortization based upon the “USE of FUNDS”
  - SBA requires a 10% improvement for each individual AND must be on unreasonable terms (as defined by the SBA)
    - Refinance of equipment and real estate can have a blended term. The loan would allocate 25 years to CRE and 10 years to equipment. If the allocation was $1MM CRE and equipment, it would carry an 18 year term.
    - Refinancing SBA loan with an SBA loan is possible - this is a rare occurrence:
      - ✓ letter from existing bank
      - ✓ demonstrate advantage for the client (same as above)
      - ✓ Credit must go to SBA for final approval (GP)
Questions?

Lindsay Cost  
VP, Sr. SBA Product Specialist  
Phone: 724.272.8128  
E-mail: lindsay.cost@huntington.com

Heather Thomas  
VP, Sr. SBA Business Development Officer  
Phone: 724-787-4058  
E-mail: heather.thomas@huntington.com
Additional PPP Support

- Huntington Bank Small Business Support
- Neighborhood Allies - Free one-on-one support with PPP
- Allegheny County Economic Development - Free resource and technical support, application assistance: Dora Walmsley, Business Development Manager, dora.Walmsley@alleghenycounty.us
- Sustainable Pittsburgh COV-ID Resources Listing
- Chatham Center for Women’s Entrepreneurship COV-ID Resources for Small Businesses
- Pitt Small Business Development Center COV-19 Resources
Additional Loans Available for Small Businesses

- The Pittsburgh Foundation Emergency Action Fund
- Bridgeway Capital COV-19 Response Fund
- URA Neighborhood Initiatives Fund Program Round 2
- New Sun Rising Crisis Mitigation Relief Fund
- Honeycomb Credit Business Relief Loans
THANK YOU!
Stay Safe and Be Well.

Sustainablepittsburgh.org
rbykoski@sustainablepittsburgh.org