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A Guide for Minnesota Small Businesses Who Need Help

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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 we're providing this summary guide to help small businesses quickly see which programs might be right for their situation.

SBA Economic Injury Disaster Loan (EIDL) – all Minnesota small businesses should apply for these!

- **Summary of 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.
- **Why this might make sense for you:** The SBA EIDL can be used to maintain payroll, provide paid sick leave, meet increased costs, make rent or mortgage payments, as well as 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 form to apply for an advance is part of the [new EIDL application](#). **If you have already applied for an EIDL Loan and wish to apply for the advance, please [fill out the new, streamlined application](#).**

- **Why 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 SBA 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 at SBA for small businesses, self-employed people, and gig workers to help them from going under due to the COVID-19 pandemic. If employers maintain payroll, the loans would be forgiven.
- **Why 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.
- **Why 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

- **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.
- **Why 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

- **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. 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. You can find details for this program on [DEED's website](#).
- **Why 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

- **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.

- **Why 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

So given these options, where should you start?

1. First, we recommend is contacting your insurance company. You may have access to benefits you've paid into through your policy that could be helpful during this time.
2. Next, call your bank. Your banker will have advice for you on:
 - Their own resources
 - Any SBA programs they have access to
 - They may refer you to local lending programs such as those available through non-profits (like the Small Business Emergency Loan Program) or loan programs available in certain cities or counties across Minnesota
3. If you've been denied credit by a bank or the SBA, you should call any of the [approved lenders for the Small Business Emergency Loan Program](#) that serve your geography.
4. If you do not use a bank and/or do not have insurance on your business:
 - You can call any of DEED [approved lenders for the Small Business Emergency Loan Program](#) 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, when those lenders are identified. Please note that these lenders are likely banks or local development organizations who have underwriting criteria.
 - You could call your city or county to see if they have a revolving loan fund that is available to your business. Please note that not many cities in the metro area have these revolving loan funds and those that do will have underwriting criteria.

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.

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