

## Emergency Financing: Overview and Considerations

*Note: These FAQs provide some general guidance on considering funding options. However, each business owner must consider whether any given option is appropriate for them and carefully review the terms of any loan or other agreement. This document does not constitute legal advice, and cannot substitute for expert consultation.*

### Jump to a topic:

- [General Reminders](#)
- [Key SBA programs in the recent stimulus \(CARES Act\)](#)
- [Other government programs \(City of LA, State\)](#)
- [Private loans](#)
- [Grants](#)
- [Counseling/Advising](#)
- [Resources and Updates](#)

### General Reminders

- The current COVID-19 pandemic is an evolving situation. Governmental and private actors continue to assess the impact of the pandemic on small businesses and others, and new programs (or changes to existing ones) continue to develop. Stay tuned to reliable sources (see list at the end for some suggestions) for updates.
- During this time of uncertainty, be especially wary of scams, fraud, and even generally legitimate loan providers offering predatory or otherwise unfavorable terms. Confirm that any loan provider claiming to act on behalf of any government agency (*e.g.*, Small Business Administration (“SBA”), City, County, State) is in fact authorized to do so. *\*There is no fee to apply for SBA or other government loans\**
- Beware that not all relief programs are compatible (including relief besides loans/grants not covered here), and restrictions are generally aimed at preventing “double-dipping”. For example, businesses cannot receive both an Employee Retention Credit tax credit and a PPP loan for retaining the same workers.
- Start gathering key documents now (business plans, tax returns, financial statements, etc.). Though the SBA has relaxed some documentation requirements, with these documents handy, you will better be able to demonstrate your need for assistance and ability to pay and thus better positioned to apply to relief programs from the SBA and other agencies.

**Q: What's in the recent federal stimulus bill (i.e., the Coronavirus Aid, Relief, and Economic Security (CARES) Act)?**

The CARES Act sets up two main programs to provide support for small businesses. In most cases, you cannot receive support from both programs for the same purposes. Sole proprietorships, independent contractors, and many self-employed individuals are generally eligible for both programs. *\*Due to high expected demand, you are encouraged to apply quickly if you are eligible and believe you will likely need the funds\**

**1) Paycheck Protection Program (PPP) Loans**

- Although funds from PPP loans can be used for payroll, rent, mortgage interest, and utilities, the loan amount is based primarily on payroll costs.
- Loans require no collateral or personal guarantee. Businesses need not demonstrate their inability to get credit elsewhere, nor economic injury from COVID-19.
- Borrowers can subsequently apply to their lenders for loans to be forgiven as long as the business maintains its payroll. *However, due to likely high demand, it is anticipated that no more than 25% of non-payroll costs may be forgiven.* While outstanding, PPP loans bear interest, but at a rate not to exceed 4%.
- Businesses apply for PPP loans through SBA-approved private lenders, just as is the case for standard SBA 7(a) loans.
- The PPP loan program is still being set up, so check directly with your bank or find an SBA-approved lender through SBA's Lender Match. You can also contact your local Small Business Development Center.

**2) Emergency Economic Injury Disaster Loans (EIDL) & Emergency Economic Injury Grants**

- Businesses need not demonstrate their inability to get credit elsewhere.
- Although the SBA will still assess an applicant's ability to repay an EIDL, the SBA no longer needs to see tax returns, and can approve a loan based on credit score or other means of determining applicant's ability to repay.
- Businesses submitting an application for an EIDL can also request an **Emergency Economic Injury Grant**. These grants provide an emergency advance of up to \$10,000 within three days of applying for an EIDL. The advance does not need to be repaid under any circumstance (including denial of application).
- Both loan and advance proceeds may be used for a range of expenses, including payroll, sick leave, increased production costs, debts, rent and mortgage payments.
- Apply directly to the SBA [here](#).

Both the PPP loan and EIDL programs have additional eligibility details and requirements. For these details and more, consult the PPP [FAQs](#) and [Fact Sheet](#), as well as the longer [Guide for Small Business Owners](#).

**Q: What if I have existing non-disaster SBA loans—can I refinance or get relief?**

Under the CARES Act, the SBA will cover the principal, interest, and associated fees for 6 months on certain pre-existing SBA loans (in particular 7(a) loans, 504 loans, and microloans). This relief will also be available to new borrowers who take out such loans within six months. Other loans, including PPP loans, are not eligible for this relief. See the [Guide for Small Business Owners](#) for more details.

**Q: What if I don't qualify for the SBA loans, or if they don't meet my needs?**

The two SBA programs provided for in the CARES Act generally offer the most favorable terms for eligible financing needs. However, other government and private actors also offer emergency support.

***Other Government Programs***

**1) City of Los Angeles Emergency Microloans**

- \$5,000 to \$20,000, at 3% or lower.
- Business must have a physical location in the City of LA (self-employed individuals also eligible).
- Apply and see details and eligibility requirements [here](#).

**2) California Infrastructure Economic Development Bank\* (IBank) Disaster Relief Loan Guarantees**

- \*Provided in the LA area through Pacific Coast Regional Small Business Development Corporation.
- The IBank works with private lenders, guaranteeing 95% of loans to small business to encourage lenders to extend credit. [ANY LINK?]

***Private Loans***

In addition to government programs, a wide range of private banks, credit unions, and other financial institutions offer loans. The private loans below are included only as example; the terms of financing will vary with every lender and you should make sure to understand what obligations you are undertaking. Be wary of private loans offered as “disaster assistance” that nonetheless have unfavorable repayment or other terms.

**1) CDC\* Small Business Finance (CDCSBF) C-19 Emergency Relief Working Capital Loans/Microloans**

- *\*Note that this lender is not affiliated with the Centers for Disease Control or any other government agency. However, the organization is an SBA-approved lender who will offer SBA PPP loans once those are available (see above).*
- CDCSBF is also offering private Emergency Working Capital Loans/Microloans.
- See more details and apply [here](#).

**2) Jewish Free Loan Association (JFLA)**

- No-interest loans (though amounts may be smaller than most other banks or government programs), regardless of religious affiliation.
- Requires 1-2 guarantors for any loan.
- See more details and apply [here](#). Note that small business loans are temporarily unavailable as of 3/30/20, but that JFLA hopes to resume shortly.

You may find additional private loan offerings in [Additional Resources](#) below, particularly in the crowdsourced community resource guides. *\*\*Note that as the community resource guides are constantly updated by members of the public, you should independently verify the reliability of any programs listed.\*\**

**Q: Are any grants available? I don't know how I'd be able to pay back emergency funds.**

Other than the SBA's Emergency Economic Injury Grant and the portion of any PPP loan that is forgiven (see above), the government loan programs that are currently available all require repayment.

Many philanthropic and other private actors are continuing to roll out support programs, some of which are grants. The programs are still in flux, with new programs or new details still pending. Facebook, for example, has not yet provided details regarding its recently-announced small business grant program (though interested business owners can [sign up for updates](#)).

Many of these grant programs are targeted at support specific industries (such as the arts). While there is yet no centralized database for such options, you should check with industry groups or associations of peers working in your field to make sure you hear about any such programs.

In the [Additional Resources](#) section below, you can find crowdsourced community resource guides that may contain links to newly-posted specific grants and other support programs. *\*\*Note that as the community resource guides are constantly updated by members of the public, you should independently verify the reliability of any programs listed.\*\**

**Q: Can anyone provide counseling and advice? I have specific questions and/or need help walking through my application.**

A number of both government and private organizations maintain hotlines to provide specific advice and answer questions:

**1) City of LA BusinessSource Centers**

- Free counseling and loan packaging for business in the City of LA
- Find your local center [here](#).

**2) LA Regional SBDC Network**

- LA SBDC Business Advisors are available to assist small business owners at no cost with questions about disaster preparedness and recovery.
- 562-938-5020 / <https://smallbizla.org/>

**3) LA County Business and Worker Disaster Help Center**

- One-to-one business counseling and support
- <https://lacountyhelpcenter.org/>
- 833.238.4450 / [disasterhelpcenter@lacounty.gov](mailto:disasterhelpcenter@lacounty.gov)
- @LACHelpCenter on Twitter, Facebook, and Instagram

**4) SCORE LA**

- A network of former business owners and executives provide free business consulting, mentoring and professional guidance to existing and emerging small businesses
- Email [office.0009@scorevolunteer.org](mailto:office.0009@scorevolunteer.org) or request a mentor [here](#).

**Q: Where can I find updates or additional resources?**

***Updates***

[Small Business and Entrepreneurship Council \(national organization\)](#)  
[Small Business Administration \(SBA\) COVID-19 Guidance and Resources](#)  
[CA Governor's Office of Business and Economic Development \(GO-Biz\)](#)  
[LAEDC Coronavirus Response Page](#)

[LA Chamber of Commerce](#)

**Official Guides**

Various government and other institutions have provided toolkits/guides. Because this is an evolving situation, and these resources are frequently updated, please always check the date of the latest version.

[City of LA Resilience Toolkit](#)

[US Chamber of Commerce Guide to PPP Loans](#)

[Small Business Owner's Guide to the CARES Act](#)

[LA SBDC Network Response Guide](#)

**Community Resource Guides**

A number of community groups have created and continue to maintain the resource guides below, and may be the quickest way to learn about newly-announced programs targeted at a specific industry or community.

*\*\*Note that these community resource guides are constantly updated by members of the public, and you should independently verify the reliability of any programs listed\*\**

[CA State Treasurer's Guide to Small Business Resources](#)

[LA Community Resources Guide](#)

[CDC Small Business Finance's Top Tips](#)

[Little Tokyo Service Center Guide for Small Business](#)

[LA Forward Guide for the Financially Vulnerable](#)