

3 Federal Loan Programs You Can Take Advantage of Right Now

Set up your business to survive this pandemic and future crises.

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The coronavirus pandemic has affected nearly every industry, and while business may be beginning to pick up, we have a long road to being fully recovered. Within this recovery period there will likely be ups and downs until the virus is under control, so now is the time to prepare for the uncertain. Do you have enough cash on hand to survive until the end of the year? If the answer is no, here are three loan programs you should be maximizing to make it through the pandemic.

Paycheck Protection Program

At this point, most of us are familiar with the Paycheck Protection Program (PPP), a loan program for small businesses created by the Coronavirus Aid, Relief and Economic Security Act (CARES Act). While the initial funds went quickly, there are still billions of dollars up for grabs for businesses affected by the pandemic and it's 100% forgivable as long as

least 60% is spent on payroll and no more than 40% is spent on mortgage interest, rent and utilities. In addition, the new law on PPP guidance extended the eight-week period to spend the loan to 24-weeks. This change provides welcome relief for business owners who were being threatened with jail time or fines if they didn't use the funds appropriately and had a requirement to use them within 8 weeks even if they couldn't open due to government restrictions.

Related: SBA Releases New EZ PPP Loan-Forgiveness Application

Economic Injury Disaster Loans

Another program to utilize is the recently reopened Economic Injury Disaster Loan (EIDL). This low-interest federal disaster loan can be used by small businesses and non-profits to pay debts, payroll, accounts payable and other bills that can't be paid and aren't covered by a PPP loan. The first payment of the loan is deferred for one year and can be paid over 30 years with an interest rate of 3.75% for small businesses and 2.75% for non-profits. Within the loan application, you can also request an advance on the loan of \$10,000 that doesn't have to be repaid. In fact, if your small business isn't approved for the EIDL, you may still receive the \$10,000 advance.

Related: Which Public Companies Have Returned Their SBA PPP Loans and Which Kept Them

Main Street Lending Program

The newest opportunity that targets businesses of all sizes is the Main Street Lending Program. Created by the Federal Reserve, the program offers 5-year loans from \$250,000 to \$300 million to businesses with fewer than 15,000 employees or 2019 revenues of \$5 billion or less. While the interest and principal can be deferred for one and two years respectively,

the loan can't be forgiven like the PPP loans.

Crisis-proof your business

I strongly recommend that all businesses consider the current coronavirus relief, even you think you don't need the funds. We have all seen how fast the economy can change, so we must do everything in our power to prepare accordingly. By having access to funds in a time of crisis, you're setting up your business to survive in unpredictable times.

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