

MANUFACTURING

in Lehman's Terms

Manufacturing COVID-19 Updates



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Summer is in full swing, and I hope everyone is getting a chance to get out and enjoy the nice weather after being cooped up during the pandemic! As things begin to tilt a little back toward normal, I wanted to cover some of the COVID-19 business program changes which have occurred over the past month or so. With respect to COVID-19 related funding, the three primary sources for businesses include the Small Business Administration (SBA), the Bank of North Dakota (BND), and the North Dakota Department of Commerce. For today's discussion, let me start out with the SBA programs.

Economic Injury and Disaster Loan (EIDL): The EIDL is a low interest loan (and forgivable loan advance) offered to those businesses impacted by the COVID-19 pandemic. The program, originally open to small businesses and non-profits, had switched to exclusively allowing agribusiness applications. As of June 15, that has changed, and they are now allowing small business and non-profit applications in addition to the ag based businesses.

Paycheck Protection Program (PPP): There have been numerous changes to the PPP. These changes are as follows:

- Test period has been extended from 8 to 24 weeks to make it easier for more companies to reach full forgiveness.
- Borrowers must spend at least 60% (was 75%) on payroll to have the loan forgiven (if the 60% is not reached, however, there is no forgiveness).
- New exceptions were put in place allowing borrowers to receive full loan forgiveness in the absence of fully restoring their workforce:
 - Borrowers can exclude from the calculations, employees who turned down good faith offers to be rehired at the same pre-pandemic level for hours and wages.
 - Borrowers can adjust because they could not find qualified employees or were unable to restore business operations to Feb. 15, 2020, levels due to COVID-19 related operating restrictions (new guidance).
- Borrower repayment extended from 2 to 5 years.
- Forgiveness period extended to 24 weeks (from 8).
- Deadline to use PPP loan has been pushed out to Dec 31 (was June 30).
- Businesses that took a PPP loan can delay payroll tax payment, which was prohibited under the CARES Act.
- There is also a new EZ form for the forgiveness application online.

Please note that the *deadline to sign up for the PPP program remains June 30, so make sure to get your application in if you have not already done so!*

Additional information regarding the EIDL and PPP programs can be found here:

<https://ndresponse.gov/covid-19-resources/covid-19-business-and-employer-resources/financial-resources/paycheck-protection>.

The Bank of North Dakota has also announced two COVID-19 related programs for North Dakota businesses. They are as follows:

COVID-19 PACE Recovery (CPR) Program: The CPR program is a low interest loan program to support North Dakota businesses during their recovery. This is essentially designed to support working capital needs. The maximum loan amount is up to \$5 million for companies with 500 employees or less, and up to \$10 million for companies with over 500 employees. The loans are fixed at 3.75% for 5 years, but BND will buy the interest rate down to 1% for the 5-year term or until the buydown funds are exhausted, whichever occurs first.

Small Employer Loan Fund (SELF): Also designed to help North Dakota businesses through the recovery, the SELF program is for very small businesses having 10 or less FTEs. The SELF loans carry a 1% interest rate and can be up to \$50,000 (no collateral required below \$25,000).

Participation in the SBA's programs does not impact eligibility for the CPR or SELF programs. Applications for these programs must be received by November 30, 2020. Maximum loan amounts are determined by a formula involving historical operating expenses as a basis. For additional information regarding the Bank of North Dakota programs, visit with your local lender or certified development corporation. Additional information can also be found on the BND website at: <https://bnd.nd.gov/business/>

There are various programs at the disposal of those impacted by COVID-19, so please note this list is not all inclusive. Programs may also be available at a local level. Talk to your local economic development professional, regional council, or city leader to see if there is anything available in your region. Although we aren't completely out of the woods, and many businesses are still impacted by the pandemic, it feels good to be transitioning into the recovery phase. I hope this information helps, and if you have any additional questions, please feel free to reach out.

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