

EMERGENCY FUNDING OPTIONS FOR SMALL BUSINESSES

1. **Honeycomb Crowdfunded Small Business Relief Loan.** Honeycomb is offering 45-day payment-free periods, six-month interest-only periods and reductions of their posting, success, and investor fees. Loans generally range between \$10,000 and \$50,000, but it is possible to apply for larger loans. Businesses must generally have been operating for greater than one or three years depending on the amount they are applying for. Interest ranges between 7.5 and ten percent.

Additional Details: To qualify, the company must have broken even or been profitable in 2019. Loan term is three years with the first six months only requiring interest payments.

<https://www.honeycombcredit.com/relief> Loan details and application.

Contact: Dora Rankin, CLE City Manager; hello@honeycombcredit.com.

2. **SBA 7(a) Loans.** This is a loan guarantee program; funds can be used for any business purpose. The borrower begins the process at any bank, and negotiates rate and term. The SBA guarantees a portion (typically 75 percent) of the loan, so this is most useful in borderline cases, or to negotiate a better rate.

Additional Details: applicant must be a for-profit business; the maximum business size for SBA loans is determined by annual sales or number of employees, depending on NAICS/SIC code.

<https://www.sba.gov/partners/lenders/7a-loan-program/types-7a-loans>

Contact: local banks; or SBA Answer Desk: 800-827-5722.

3. **Growth Capital SBA Community Advantage Loan Program.** Part of the Goldman Sachs 10,000 Small Businesses program. Maximum loan size is \$250,000, with interest up to Prime + 6 percent. Eligible uses include fixed assets (real estate must be 51 percent owner-occupied), leasehold improvements, receivables financing, working capital and debt refinancing. Eligible borrowers are manufacturing, distribution, wholesale, commerce or service for-profit businesses.

Additional Details: applicant must be a for-profit business, have been in operation for at least two years, and have revenues between \$150,000 and \$4 million; following the SBA standards, owners of 20 percent or greater of the company must complete personal financial statements and guarantee the loan. A first lien position will be sought, but collateral may not be necessary if funding working capital. Job creation is not required. Possibility exists to cover some closing fees with grant funds.

<http://www.growthcapitalcorp.com/growth-capital-sba-community-advantage-loan-program/>

Contact: Growth Capital Corp., 216-592-2332.

4. SBA Disaster Assistance in Response to the Coronavirus. The U.S. Small Business Administration is offering designated states and territories low-interest Federal disaster loans for working capital to small businesses suffering substantial economic injury as a result of the Coronavirus (COVID-19). This is an iteration of SBA's Economic Injury Disaster Loan that offers up to \$2 million in assistance to small businesses. 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.

Additional Details: The interest rate is 3.75 percent for small businesses. The interest rate for non-profits is 2.75 percent. SBA offers loans with long-term repayments in order to keep payments affordable, up to a maximum of 30 years. Terms are determined on a case-by-case basis, based upon each borrower's ability to repay.

<https://www.sba.gov/disaster-assistance/coronavirus-covid-19>

Contact: SBA disaster assistance customer service center. 1-800-659-2955 (TTY: 1-800-877-8339); disastercustomerservice@sba.gov.

5. Hebrew Free Loan Association (HFLA) of Northeast Ohio's Interest-Free Business Loan. HFLA offers interest-free loans to qualified businesses. Maximum loan size is \$10,000 but do require more documentation than their standard loans. HFLA requires that an interest-free loan will help a business to experience growth. Application review time averages ten to 15 business days. The loans are made to registered businesses; any 20 percent-plus owner will be required to provide personal guarantees.

Additional Details: 15-month repayment term on loans up to \$3,000. 24-month repayment term on loans over \$3,000 up to \$5,000. 36-month repayment term on loans over \$5,000 to \$10,000. HFLA also has COVID-19 Emergency Loans for individuals going through related financial struggles; businesses may refer employees that have been laid-off or had their hours reduced.

<https://interestfree.org/apply/business-loans/> Loan application.

Contact: Ms. Michal Marcus, Executive Director; michal@interestfree.org; 216-378-9007.

****Reach out to your primary lender or other traditional banks to ask about COVID-19 resources. There may be loans, payment deferrals, and other resources available through these institutions.