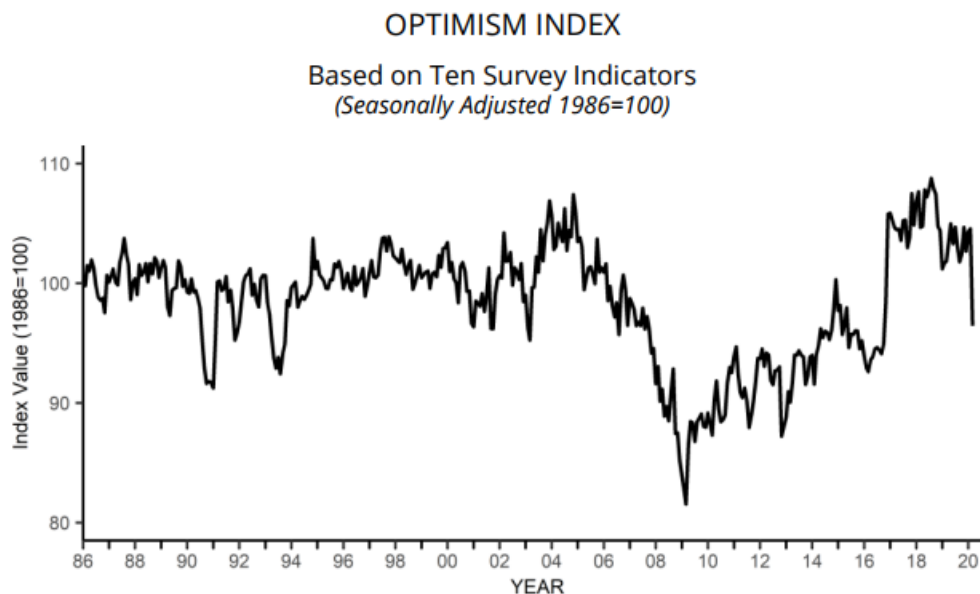


Covid-19 Small Business Loan Programs Survey

NFIB Research Center

The severity of economic disruptions in the small business sector is quickly increasing the immediate demand for financial assistance among small business owners. NFIB's Small Business Economic Trends survey highlighted the rapid decline in the small business sector with the largest monthly decline in small business optimism in the survey's history. The economic impact of the Covid-19 outbreak and associated policy responses has negatively impacted 90% of small business owners.



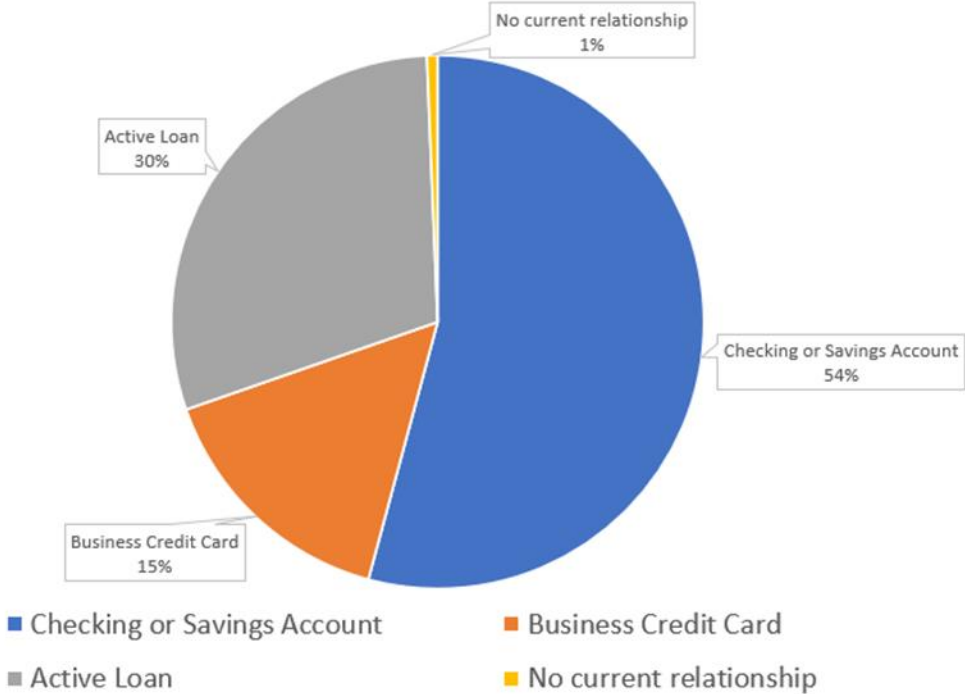
The NFIB Research Center's latest survey focused on the two main Covid-19 related small business loan programs. The survey highlights the strong demand for financial assistance among small business owners and how owners are navigating the initial rollout of the two loan programs. The two loan programs are the Paycheck Protection Program (PPP) created by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the Economic Injury Disaster Loan (EIDL) that was expanded and funded through the Coronavirus Preparedness and Response Supplemental Appropriations Act. Both loan programs offer generous eligibility to help support most small business owners. However, the programs have yet to deliver the loans, frustrating small business owners who are in immediate need of financial support.

The new PPP loan program gained strong interest among small business owners and has been widely advertised in the news, by the Administration, and advocacy groups including NFIB. The vast majority (93%) of small business owners are familiar with the program. About 70% of small business owners tried to apply for the loan with varying degrees of success. Of the 30% who have not actively tried to apply, one-third of them plan to in the next month and 36% are considering it.

About 72% of those who tried to apply for a PPP loan were successful in submitting their application. However, some banks are pre-screening applicants before having them fill out the full application, so it is unclear how many have successfully applied or have just completed the first step in a longer process. Twenty-eight percent of small business owners were not successful in applying for a PPP loan.

The vast majority of small business owners (84%) who successfully submitted their application have a checking or savings account with the bank. Just under half of successful applicants have an active loan with the bank and another 24% have a business credit card associated with the bank. Only 1% of successful applicants applied at a bank with which they had no previous association. Most banks that are participating in the program and facilitating these loans are only taking applicants from current customers.

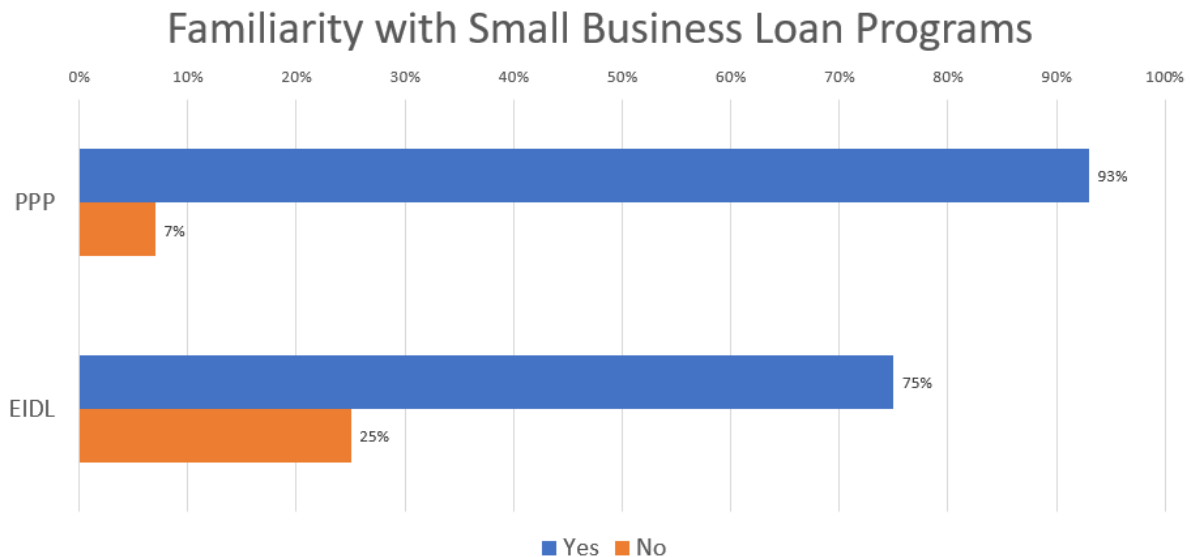
Bank Relationship of Successful Applicants



Of the 28% of small business owners who were not successful, most of them (68%) are waiting for their bank to start accepting PPP loans. Nine percent of them are not able to find a participating bank, which is likely due to their own bank not participating. Five percent of owners trying to apply for the loan were told by their bank that it had hit their limit of accepting loans. This issue may have been eliminated on April 8, 2020, with the regulators allowing Wells Fargo to exceed their previously placed cap on loan origination. Another 5% found the process too complicated to proceed.

The survey also asked about participation in the SBA’s Economic Injury Disaster Loan (EIDL) program. The EIDL program is slightly less known among small business owners than the PPP

loan program with three-fourths of them familiar with the EIDL. About half of small business owners have applied for an EIDL loan, 45% have not, and another 5% tried but the SBA website was not working at the time.



Almost all those who applied for the EIDL loan requested the emergency EIDL grant of up to \$10,000. The design of the emergency grant was to provide immediate financial assistance as the full loan was being processed.

Of those who applied for the EIDL loan, just 4% have been approved and 1% not approved. Most applicants of the EIDL have yet to receive an update on the statuses of their application and no small business applicants have received the loan or the emergency grant.

About three-quarters of small business owners found the EIDL application process generally easy, but they are growing increasingly frustrated with the processing of these loans and a lack of communication about when they can expect to receive money if their loan is approved. Ten percent of applicants found it difficult submitting the application online due to technology issues related to the SBA website and another 8% had problems filling out the application.

Both the EIDL and PPP loans are of great interest to small business owners with large numbers of them applying for one or the other and often both. The financial need is immediate and small business owners are now in a holding pattern, waiting for their loan as economic conditions worsen for many.

Methodology

This survey was conducted with a random sample of NFIB's membership database of about 300,000 small business owners. The survey was conducted by email on April 6-7, 2020. NFIB collected 884 usable responses.

Questionnaire

The **Paycheck Protection Program Loan (PPPL)** is a new loan program for small businesses impacted by Covid-19. These loans are facilitated through participating banks. Small business owners could start applying for these loans this past Friday (April 3rd). The loan program offers low interest loans, part (or all) of which is forgivable for qualifying expenses. The maximum loan amount is 2.5x average monthly payroll.

1. Are you familiar with this loan program?

93% 1. Yes

7% 2. No

2. Have you actively tried to apply for this loan?

70% 1. Yes

30% 2. No

3. If not, do you anticipate trying to apply in the next month?

33% 1. Yes

31% 2. No

36% 3. Maybe

4. If you tried to apply, did you successfully submit an application?

72% 1. Yes

28% 2. No

1% 3. Don't know

5. If you were not successful, was it because:?

9% 1. You couldn't find a bank accepting applications.

7% 2. You found a bank accepting applications, but you were not a current customer.

63% 3. You found a participating bank, but they are not set up yet to accept applications.

5% 4. The process was too complicated.

1% 5. You don't qualify for the loan.

5% 6. Bank hit loan capacity

10% 7. Other _____

6. If you were not successful, will you continue to try and apply for this loan over the next week of so?

95% 1. Yes

5% 2. No

7. If you were successful, did you apply for the loan through a bank that you have a current relationship with? (check all that apply)

84% 1. Yes, I have a checking and/or savings account with the bank.

24% 2. Yes, I have a business credit card with the bank.

- 46% 3. Yes, I have an active loan with the bank.
- 1% 4. No, I applied for the loan with a bank that I do not have a current relationship with.
- 1% 5. Other _____

The **Economic Injury Disaster Loan (EIDL)** program is a low interest loan available to small businesses that are affected by the Covid-19. Owners apply for this loan directly through the Small Business Administration (SBA). The loan also offers an emergency advance of up to \$10,000 for those who apply which is entirely forgivable.

8. Are you familiar with this loan program?

- 75% 1. Yes
- 25% 2. No

9. Have you applied for this loan through the SBA?

- 49% 1. Yes
- 47% 2. No
- 5% 3. I tried but the SBA website was not working.

10. If so, did you apply for the emergency advance grant of up to \$10,000?

- 89% 1. Yes
- 11% 2. No

11. Was your application approved?

- 4% 1. Yes
- 1% 2. No
- 96% 3. I haven't received notice yet.

12. If approved, have you received the loan or emergency advance yet?

- 0% 1. Yes, loan
- 0% 2. Yes, emergency advance
- 0% 3. Yes, both
- 100% 4. No, neither yet

13. Did you find the loan application process to be:?

- 38% 1. Easy, no problems
- 36% 2. Generally easy, just a few minor issues
- 8% 3. Difficult, had problems filling out the application
- 10% 4. Difficult, had problems submitting the application online (website froze, crashed, etc.)
- 8% 5. Other _____

14. Please classify your major business activity, using one of the categories of examples below.

*If more than one applies, circle the one which contributes the most toward your gross sales or total revenues.

- 17% 1. Construction (general contractor, painting, carpentry, plumbing, electrical, etc.)
- 12% 2. Manufacturing and mining (dairy processor, printer, publisher, etc.)
- 6% 3. Transportation, communication, public utilities (truckers, movers, broadcasters, etc.)
- 4% 4. Wholesale (grain elevator, equipment distributor, manufacturer's rep., etc.)
- 20% 5. Retail (service station, restaurant, bar, radio and TV store, drug store, apparel, etc.)
- 6% 6. Agriculture (veterinarian, forestry, landscaping, fisheries, etc.)
- 7% 7. Financial, insurance, real estate
- 20% 8. Services (house cleaning, auto repair, salon, etc.)
- 7% 9. Professional services (attorney, physician, skilled nursing, etc.)
- 2% 10. Other (please describe) _____