



2021 COVID-19 Economic Aid Overview

This presentation provides a general overview of the programs the SBA is administering related to provisions in the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (the Economic Aid Act). In the event of any inconsistency between this presentation and the Economic Aid Act, the PPP Flexibility Act of 2020, the CARES Act, PPP IFRs, PPP FAQs, PPP Application Forms and Instructions, and other PPP guidance (together, official guidance), the official guidance governs.

Visit [SBA.gov/CoronavirusRelief](https://www.sba.gov/CoronavirusRelief) for the most up-to-date information.

Agenda

- 1 Where We Are
- 2 SBA COVID-19 Economic Aid Funding Options
- 3 Loan Program Details – PPP, EIDL
- 4 Grant Program Details – Targeted EIDL Advance, SVOG
- 5 Additional Assistance: 7a, 504, and Resources



Where We Are

Congress intended this round of COVID-19 economic aid funding to support the hardest-hit small businesses and those in underserved segments, including women, minorities and veterans.

The SBA is committed to ensuring the programs are launched as quickly as possible to deliver critical economic aid to America's small businesses and other eligible entities.



SBA COVID-19 Economic Aid Funding Options

Loan Programs



Paycheck
Protection
Program
(PPP)



Debt Relief on
SBA 7(a), 504
and Microloans



Economic
Injury Disaster
Loan (EIDL)
and
Targeted EIDL
Advance

Grant Programs



Shuttered
Venue
Operators
Grant (SVOG)

What is a PPP Loan?

- Made by a **participating partner institution**
- For **Eligible** small businesses and NFP's
- **Approved** by bank, **backed** by SBA
- Amount: usually **2.5x average monthly payroll** from 2019 (or 2020), maximum **\$10 million**
- **Unsecured**, No personal guarantee
- **1%** interest rate
- **5-year** term
- 10-month **deferment period**
- For: **Payroll**, rent, utilities, interest, and new categories
- Up to 100% **Conditional Forgiveness**



Information Current as of 2/5/21 – Visit www.sba.gov/CoronavirusRelief for the most up-to-date information.

What is a 'First Draw' PPP Loan?

For eligible applicants that did NOT receive a PPP loan prior to Aug. 9, 2020

- PPP loan eligibility now includes **additional types** of entities.
- **Covered eligible expenses** are expanded.
- Borrowers can now select a covered period to use PPP loan proceeds which ends anytime between eight and 24 weeks after disbursement.
- **Certain borrowers** may request an increase to their original PPP loan amount.
- Must apply **on or before March 31, 2021**, or until Congressional appropriations expire.
- Use **SBA Form 2483**



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First Draw PPP Loan Eligibility

Must comply with size standards, eligibility criteria & certain limitations

Newly Eligible

- Housing cooperatives
- Destination marketing organizations
- Certain 501(c)(6) organizations such as Chambers of Commerce
- Eligible news organizations

Still Eligible

- Sole proprietors, independent contractors, self-employed individuals
- Business entities (e.g., partnerships, corporations, LLCs)
- 501(c)(3) non-profit organizations
- 501(c)(19) Veterans organization
- Tribal businesses



SBA.gov/PPP

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What is a 'Second Draw' PPP Loan?

For borrowers that previously received a PPP loan, have 300 employees or less, and suffered a 25% reduction in gross receipts

- For most borrowers, the maximum loan amount of a Second Draw PPP loan is 2.5x average monthly 2019 or 2020 payroll costs, up to **\$2 million**.
- For borrowers in the Accommodation and Food Services sector (NAICS 72), the maximum loan amount for a Second Draw PPP loan is **3.5x average monthly** 2019 or 2020 payroll costs, up to \$2 million.
- Second Draw PPP loan applicants must submit the information on **SBA Form 2483-SD** (Borrower Application) when applying to their lender.



Second Draw PPP Loan Eligibility

**Must have previously received a First Draw PPP loan
and covered periods cannot overlap**

Additional Eligibility Criteria

- Has used or will use the full First Draw PPP loan amount only for eligible expenses before the Second Draw PPP loan is disbursed
- Has no more than 300 employees
- Can demonstrate at least a 25% reduction in gross receipts between comparable quarters in 2019 and 2020.



SBA.gov/PPP

Seasonal Employers

New loan calculation formula: 1st or 2nd Draws

A **seasonal employer** must determine its maximum loan amount by using the employer's *average monthly payroll* for *any* 12-week period selected by the seasonal employer beginning February 15, 2019, and ending February 15, 2020.

Seasonal Employers:

- Operate no more than 7-months per year, or

- Six-month revenue is not more than 1/3 of remaining six months

PPP Loan Application Process



1. Find a PPP Lender

- SBA.gov/LenderMatch
- SBA.gov/PaycheckProtection/find
- Contact SBA Resource Partner: SBA.gov/local-assistance

2. Complete Application

- Include all supporting documentation
- Get help from SBA Resource Partner: SBA.gov/local-assistance

3. SBA Issues Loan

- Lender submits application electronically to the SBA for compliance check & loan number

March 31, 2021 (or when appropriated funding is exhausted) is the final deadline for lenders to submit PPP loan applications to the SBA



SBA.gov/PPP

Information Current as of 2/5/21 – Visit www.sba.gov/CoronavirusRelief for the most up-to-date information.

PPP Loan Forgiveness

**Borrowers must apply for PPP loan forgiveness through their lender;
lenders submit lender forgiveness decisions to the SBA**

Updates per the Economic Aid Act

- EIDL Advances are no longer deducted from PPP loan forgiveness payment
- Expenses paid with PPP loan funds are federally tax deductible; **consult the IRS** for details on this
- Expanded forgivable expenses are permissible for any unforgiven PPP loan
- **New:** simplified forgiveness application for PPP loans \$150,000 and under

Per the CARES Act

- Forgiven PPP loans are not federally taxable income



SBA.gov/PPP

COVID-19 Economic Injury Disaster Loan (EIDL)

Provides economic aid to businesses experiencing a temporary loss of revenue due to COVID-19

Economic Aid Act Extends Deadline to Dec. 31, 2021

- **Use of proceeds:** working capital and normal operating expenses such as continuation of health care benefits, rent, utilities, fixed debt payments
- **Terms:** 3.75% for businesses (fixed), 2.75% for nonprofits (fixed), 30 years, no pre-payment penalty; loans over \$25,000 secured by UCC filing (\$100 deducted from loan proceeds)
- **Eligibility:** qualified small businesses, cooperatives and agricultural enterprises with 500 or fewer employees (or defined as small per [sba.gov/sizestandards](https://www.sba.gov/sizestandards)), and private non-profits



SBA.gov/Disaster



Information Current as of 2/5/21 – Visit www.sba.gov/CoronavirusRelief for the most up-to-date information.

New Program: Targeted EIDL Advance

No action required until contacted by the SBA via direct email invite

New Program in the Economic Aid Act

- Will balance out a previous EIDL Advance to the full \$10,000 if the business is: 1) in a low-income community; 2) suffered greater than 30% economic loss; and 3) has 300 or fewer employees
- Those who applied for an EIDL Advance but didn't receive funds due to lack of funding will receive a full \$10,000 if they meet same requirements above and per Targeted EIDL Advance funding availability
- The **SBA will reach out to those who may qualify** via email with instructions to determine eligibility and submit documentation.



New Program: Targeted EIDL Advance

Items needed to verify eligibility and submit

- 2019 Federal Tax Return (recommended to have on hand when applying)
- EIN/SSN as specified in original EIDL application
- Monthly gross receipts for 2019, 2020, and completed months in 2021
- Confirm information in original EIDL application is still accurate (changes may require a manual review and documentation)
- Applicants that pass the initial eligibility requirements will be required to sign a 4506-T for the SBA to obtain tax transcripts

Application questions: TargetedAdvance@sba.gov



New Program: Shuttered Venue Operators Grant

Applications not yet open; will need SAM.gov registration to apply

Eligible Entities

- Live venue operators or promoters
- Theatrical producers
- Live performing arts organization and motion picture theater operators
- Relevant museum operators, zoos and aquariums who meet specific criteria

Plus ...

- Must have been in operation as of Feb. 29, 2020
- Venue or promoter must not have applied for / received a PPP loan on or after Dec. 27, 2020

Read the FAQ...

<https://www.sba.gov/document/support-shuttered-venue-operators-grants-faq>



Increased SBA Backing For Lenders

Stronger support for Pre-Pandemic programs

- SBA's 7a Program supports lenders by providing a guarantee
 - Guarantee percentages have been increase, in many cases to 90%.
 - Guarantee Fees have been eliminated
 - Debt Payments may be subsidized
-
- ✓ Refinance high-rate debt
 - ✓ Get working capital to bring vendors current
 - ✓ Renovate a property
 - ✓ Purchase new equipment, etc.



Loan

Debt Payment Relief for SBA Borrowers

Stronger support for Pre-Pandemic programs

“Newly Eligible First Round”

- Approvals from before 9/27/20 which had not been fully disbursed by that date now may receive **3 months or payments**

Second Round Debt Relief (in addition to first round)

- Approvals prior to 3/27/20 will receive **2 months of subsequent debt relief**
 - Certain industries may receive **an additional 3-months debt relief**
- Approvals between 3/27/20 and 1/31/21 **not eligible**
- Approvals 2/1/21 through 9/30/21 will receive **3 months debt relief**

What to do Now & Additional Resources

What to do Now

- Contact your lender for a PPP
- If you do not have a lender, find one on Lender Match: sba.gov/LenderMatch
- www.sba.gov/ppp (next slide)

Additional Resources

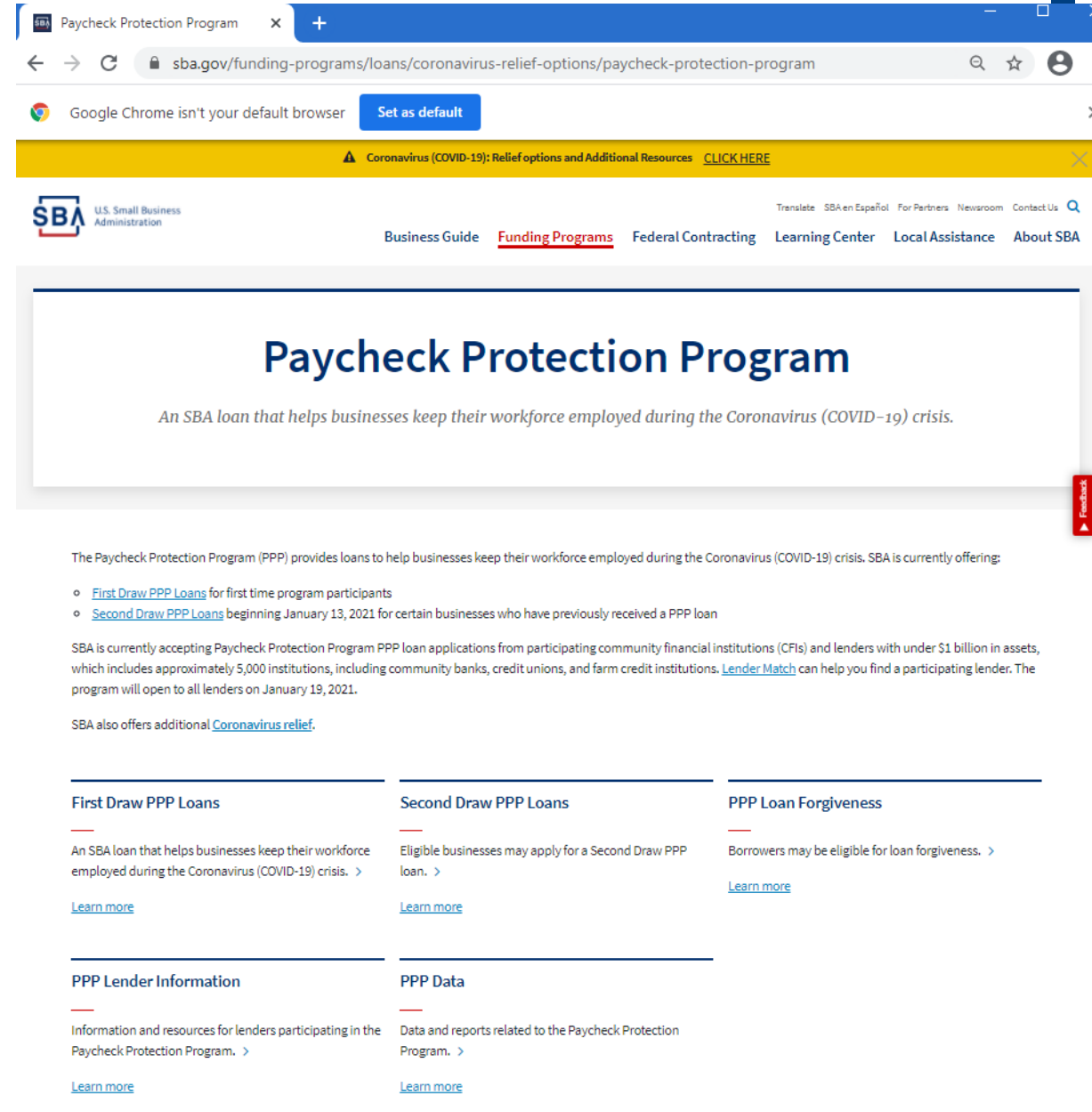
- Contact your local SBA District Office or Resource Partner: sba.gov/local-assistance
- Subscribe to SBA e-newsletter: www.sba.gov/updates
- Follow SBA on Twitter: @SBAgov

Contact us:

216.522.4180 | Cleveland@sba.gov
614.427.0407 | Columbus@sba.gov

PPP Resources Site

- www.sba.gov/ppp
- Applications: **Forms 2483** or **2483SD**
- “Top-line Overview”
- “Frequently Asked Questions”
- “**How to Calculate** First Draw PPP Loan Amounts and What Documentation to Provide”
- “Second Draw PPP Loans: **How to Calculate** Revenue Reduction and Maximum Loan amounts”
- Lenders: **Interim Final Rules** published 1/6/21



The screenshot shows the SBA's Paycheck Protection Program (PPP) website. The browser address bar indicates the URL is sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program. The page features a yellow banner at the top with the text "Coronavirus (COVID-19): Relief options and Additional Resources" and a "CLICK HERE" link. Below the banner is the SBA logo and navigation links including "Business Guide", "Funding Programs", "Federal Contracting", "Learning Center", "Local Assistance", and "About SBA". The main heading is "Paycheck Protection Program" with a subtext: "An SBA loan that helps businesses keep their workforce employed during the Coronavirus (COVID-19) crisis." The content area explains that the PPP provides loans to help businesses keep their workforce employed during the COVID-19 crisis. It lists two types of loans: "First Draw PPP Loans" for first-time participants and "Second Draw PPP Loans" beginning January 13, 2021, for businesses that have previously received a PPP loan. It also mentions that SBA is currently accepting PPP loan applications from participating community financial institutions (CFIs) and lenders with under \$1 billion in assets, which includes approximately 5,000 institutions, including community banks, credit unions, and farm credit institutions. A "Lender Match" link is provided to help find a participating lender. The program will open to all lenders on January 19, 2021. Additionally, SBA offers additional "Coronavirus relief". The page is organized into a grid of six sections, each with a heading and a brief description, followed by a "Learn more" link:

- First Draw PPP Loans**: An SBA loan that helps businesses keep their workforce employed during the Coronavirus (COVID-19) crisis. > [Learn more](#)
- Second Draw PPP Loans**: Eligible businesses may apply for a Second Draw PPP loan. > [Learn more](#)
- PPP Loan Forgiveness**: Borrowers may be eligible for loan forgiveness. > [Learn more](#)
- PPP Lender Information**: Information and resources for lenders participating in the Paycheck Protection Program. > [Learn more](#)
- PPP Data**: Data and reports related to the Paycheck Protection Program. > [Learn more](#)

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Questions

