



# 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://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 **deferral period**
- For: **Payroll**, rent, utilities, interest, and new categories
- Up to 100% **Conditional Forgiveness**



# 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**



# 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**

Information Current as of 2/5/21 – Visit [www.sba.gov/CoronavirusRelief](http://www.sba.gov/CoronavirusRelief) for the most up-to-date information.

# 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: 1<sup>st</sup> or 2<sup>nd</sup> 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

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

## 3. SBA Issues Loan #

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



**SBA.gov/PPP**

# 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**

# 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](mailto:TargetedAdvance@sba.gov)



**SBA.gov/CoronavirusRelief**

# 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>



**SBA.gov/CoronavirusRelief**

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# 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 increased, 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.



# 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

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

## Additional Resources

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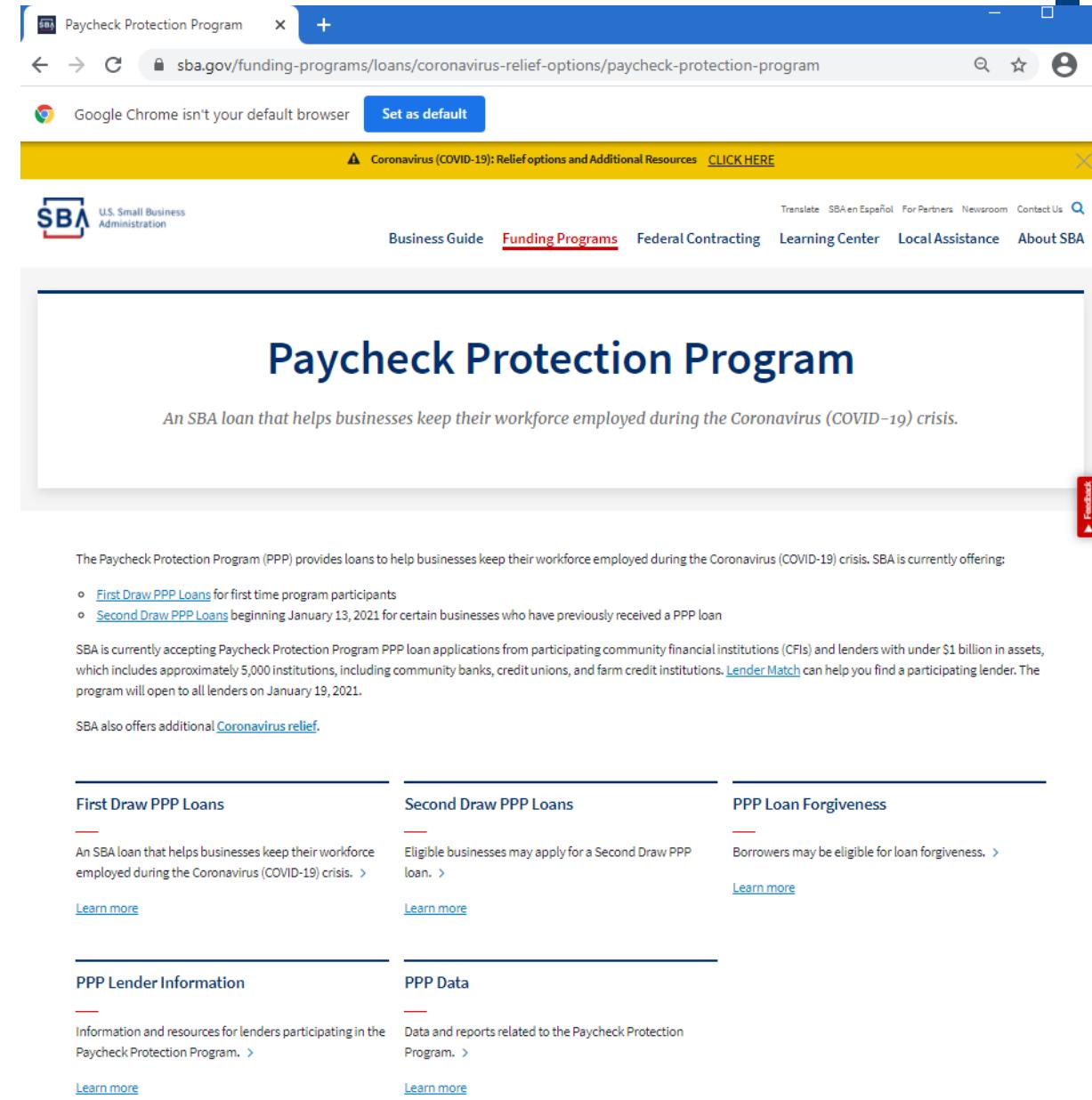
- Contact your local SBA District Office or Resource Partner:  
[sba.gov/local-assistance](https://sba.gov/local-assistance)
- Subscribe to SBA e-newsletter:  
[www.sba.gov/updates](https://www.sba.gov/updates)
- Follow SBA on Twitter: @SBAgov

### Contact us:

**216.522.4180 | [Cleveland@sba.gov](mailto:Cleveland@sba.gov)**  
**614.427.0407 | [Columbus@sba.gov](mailto:Columbus@sba.gov)**

# PPP Resources Site

- [www.sba.gov/ppp](http://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 official SBA website for the Paycheck Protection Program. The URL in the browser is sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program. A yellow banner at the top right promotes "Coronavirus (COVID-19): Relief options and Additional Resources" with a "CLICK HERE" button. The main content area is titled "Paycheck Protection Program" and describes it as an SBA loan to help businesses keep their workforce employed during the COVID-19 crisis. It mentions that SBA is currently offering First Draw PPP Loans for first time participants and Second Draw PPP Loans for certain businesses. The page also notes that SBA is accepting applications from participating community financial institutions (CFIs) and lenders with under \$1 billion in assets. Below this, there are sections for "First Draw PPP Loans", "Second Draw PPP Loans", "PPP Loan Forgiveness", "PPP Lender Information", and "PPP Data". Each section has a brief description and a "Learn more" link.

Information Current as of 2/5/21 – Visit [www.sba.gov/CoronavirusRelief](http://www.sba.gov/CoronavirusRelief) for the most up-to-date information.

# Questions



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