

U.S. Small Business Administration

Today's Presenter



Dan Martiniello

Lender Relations Specialist

Cell: 857-288-9175

Daniel.Martiniello@sba.gov

U.S. Small Business Administration

Paycheck Protection Program (PPP) Re-Launch Overview



This presentation is developed to provide a general overview of PPP loan processes 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 Paycheck Protection Program 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.

Consolidated Appropriations Act of 2021

Economic Aid Act Increased Appropriations

- $284.45 Billion for PPP First and Second Draw Loans
- $15 Billion for Shuttered live venues, theaters, museums and zoos
- $20 Billion for the EIDL Advance program
- $3.5 Billion for the 7a Debt Relief Program
- $2 Billion for SBA lending enhancements ($57 million for microloan program for technical assistance and direct lending to underserved small businesses)

SBA's Funding Options

Economic Aid Act Increased Appropriations









Paycheck Protection Program

- First Draw PPP Loan Details
- Second Draw PPP Loan Requirements

EIDL Program

- Advances
- Extended Loan Application Deadlines

SBA's Lending Programs

- 7a & 504 Program Enhancements
- New 504 Express

SBA Debt Relief

- Extended Payments for new and existing SBA Loans

PPP Access to Capital

Paycheck Protection Program Rollout

To ensure increased access to PPP for minority, underserved, veteran, and women-owned business concerns, SBA is undertaking the following steps, among others:

- When the PPP First Draw and then the PPP Second Draw loan portal re-opened, the initial launch accepted loan applications first from Community Financial Institutions (CFIs). CFIs include Community Development Financial Institutions, Minority Depository Institutions, Certified Development Companies, and Microloan Intermediaries.
- Lender Match is currently designed to direct borrower inquiries to these mission-based lenders, who generally assist the underserved communities.
- **All SBA participating PPP lenders can now accept PPP applications.**

Economic Aid Act Enhancements

PPP Eligibility & Forgiveness Updates

- Business entities (e.g., partnerships, corporations, LLCs)
- Sole proprietors, independent contractors, self-employed individuals
- 501(c)(3)
- **501(c)(6)**
- 501(c)(19) Veterans organization
- Tribal business, and
- **Housing cooperatives**, **destination marketing organizations**, and **eligible news organizations**.

Must comply with size standards, eligibility criteria, and certain limitations.

Borrower now has the option to **select** a covered period during which they can use PPP loan proceeds anytime between 8 and 24 weeks after disbursement.

- SBA **will no longer** deduct EIDL advances from forgiveness payment.
- If lender has already received a forgiveness payment net of an EIDL Advance, SBA will provide a reconciliation payment to lender to be applied to the outstanding loan balance.
- SBA Forgiveness Application 3508S now includes loans $150k and under.

First Draw PPP Loan Eligibility

Who Can Apply

- Eligible small entities, that together with their affiliates (if applicable), have 500 or fewer employees—including nonprofits, veterans organizations, tribal concerns, self-employed individuals, sole proprietorships, and independent contractors—can apply.
- Entities with more than 500 employees in certain industries that meet SBA's alternative size standard or SBA's size standards for the following industries can also apply.
  - Businesses with a NAICS Code that begins with 72 (Accommodation and Food Services sector)
  - Eligible news organizations with no more than 500 employees per physical location, as well as housing cooperatives,
  - 501(c)(6) organizations, or destination marketing organizations with no more than 300 employees.

First Draw PPP Loan Details

Application and Eligibility

- Borrowers can apply for a First Draw PPP Loan until March 31, 2021, through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, eligible non-bank lender, or Farm Credit System institution that is participating in PPP.
- Existing PPP borrowers that did not receive loan forgiveness (subject to the availability of funds)
    1) reapply for a First Draw PPP Loan if they previously returned some or all of their First Draw PPP Loan funds prior to 12/27/2020, or
    2) First Draw PPP Loan that only included amounts necessary for payroll costs of the partnership's employees and other eligible operating expenses, but did not include any amount for partner compensation
    3) The seasonal employer would be eligible for an increase if application of the methodology in Section 336 of the Economic Aid Act results in the calculation of a higher loan amount. (select any 12 week period between 2/15/19 and 2/15/20 for payroll calculation)
- All new First Draw PPP Loans will have the same terms regardless of lender or borrower.

Second Draw PPP Loan Details

Who can apply for PPP Second Draw

Targeted Eligibility, a borrower is generally eligible for a PPP Second Draw Loan if the borrower:

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

Second Draw PPP Loan Details

Application and Eligibility

- Eligible borrowers can apply for a Second Draw PPP Loan until March 31, 2021, through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, eligible non-bank lender, or Farm Credit System institution that is participating in PPP.
- 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.
- Borrowers in the Accommodation and Food Services sector the maximum loan amount for a Second Draw PPP Loan is 3.5x average monthly 2019 or 2020 payroll costs up to $2 million.

PPP Second Draw Loans

Application and Streamlined Forgiveness

- PPP Second Draw Loan applicants must use the new SBA Form 2483-SD Borrower Application (check with your lender in case they are using a 3rd party online application service)
- Calculating borrower's payroll costs for a Second Draw PPP Loan is either the twelve-month period prior to when the loan is made or calendar year 2019.
- If Borrower is using 2019 as basis for calculating PPP second draw loan and going to same lender, no need to provide documentation to support requested loan amount since lender already has received such documentation
- Economic Aid Act simplified forgiveness process for loans under $150,000
    - No upfront documentation for revenue reduction on loans under $150,000, borrowers have until loan forgiveness time to submit such documentation

How Can PPP Loans Be Used

Enhancements to Eligible Payroll & Non-Payroll Expenses

- Payroll costs (as defined in the CARES Act, Economic Aid Act and this interim final rule)
- Costs related to the continuation of group health care, life, disability, vision, or dental benefits during periods of paid sick, medical, or family leave, and group health care, life, disability, vision, or dental insurance premiums
- Covered operations expenditures (payments for any business software or cloud computing service that facilitates business operations, product or service delivery, the processing, payment, or tracking of payroll expenses, human resources, sales and billing functions, or accounting or tracking of supplies, inventory, records and expenses)
- Covered property damage costs (costs related to property damage and vandalism or looting due to public disturbances that occurred during 2020 that was not covered by insurance or other compensation)
- Covered worker protection expenditures

Forgiveness PPP Loan Details

Forgiveness & Loan Terms

- First Draw and Second Draw PPP Loans made to eligible borrowers qualify for full loan forgiveness if during the 8- to 24-week covered period following loan disbursement:
  - Employee and compensation levels are maintained;
  - The loan proceeds are spent on payroll costs and other eligible expenses; and
  - At least 60 percent of the proceeds are spent on payroll costs.

- SBA 100% guarantee
- No Collateral Requirements
- No personal guarantee
- Interest rate – 1% (non compounding and non adjustable)
- 5 year maturity
- Processed by PPP lenders
- Lender reliance on borrower certifications
- Loan amount is 2.5 x's average monthly payroll (3.5x's for NAICS code 72)

PPP Loan Forgiveness Steps

1. Contact your PPP Lender and complete the correct form.
2. Compile your documentation.
3. Submit the forgiveness form and documentation to your PPP Lender.
4. Continue to communicate with your Lender throughout the process.

Three Types of Forgiveness Apps

- SBA Form 3508S
- SBA Form 3508EZ
- SBA Form 3508

NOTE: *Each application has a set of instructions that can be found at SBA.gov (Link to Instructions)*

***SBA Form 3508S now includes loans $150k and under*.**

Updates to SBA Form 3508S

PPP Forgiveness Application for Loans $150k and under

- Can be used for both 1st and 2nd draw PPP applications (cannot combine loans into one application).
- Requires fewer calculations and less documentation for eligible borrowers. Does not require borrowers to show the calculations used to determine their loan forgiveness amount. However, SBA may request information and documents to review those calculations as part of its loan review or audit processes.
- If this loan forgiveness application is being submitted for a Second Draw PPP Loan, the Borrower must submit simultaneously to its lender documentation supporting the gross receipts reduction certification on the Borrower's loan application.

Shuttered Venue Operator (SVO) Grant Program

Consolidated Appropriations Act of 2021

Program Funding: $15B, of which $2B must be set aside for small employers (i.e., those not having more than 50 FT employees) for only the first 60 days after we begin awarding SVO grants. Eligible Entities include:

(1) live venue operators or promoters;

(2) theatrical producers;

(3) live performing arts organization operators;

(4) relevant museum operators;

(5) motion picture theater operators;

(6) talent representatives, and each business entity an eligible entity owns that also meets the eligibility requirements.

Shuttered Venue Operator (SVO) Grant Program

Consolidated Appropriations Act of 2021

- Must have been in operation as of Feb 29, 2020.
- Venue or promoter must not have received a PPP loan.
- Detailed information on eligibility requirements coming soon.
- Priorities anticipated for smallest entities and hardest hit. (Amount of full time employees and revenue reduction between April 2020 and December 2020 will factor into the priority)

Enhancements to SBA's Lending Programs

Consolidated Appropriations Act of 2021

- **DISCLAIMER: SBA is still working on final guidance on these enhancements and we will let the public know once everything is official**.
- Temporarily enhances the terms of the 7(a) loan program by increasing the loan guarantee from 75 to 90 percent and offering reduced or no fees for the borrower and the lender.
- Temporarily increase the 7(a) express loan limit to $1 million to 10/1/21 (then reduces to $500K) and loan guarantee to provide access to needed working capital.
- Temporarily eliminates fees for the 504 loan program and favorable terms for refinancing loans.
- Increases the aggregate loan limit for microloan intermediaries in order to ensure intermediaries have increased capacity to make loans to underserved and underbanked borrowers.

SBA's Debt Relief Programs

Consolidated Appropriations Act of 2021

Economic Aid Act extends the Small Business Debt Relief program, Section 1112 of the CARES Act, which would defer payments of principal and interest on new and existing SBA 7(a), 504, and Microloan programs for eligible entities (subject to the availability of funds).

- All existing borrowers with loans in regular servicing will receive 3 additional months of P & I starting February 2021 subject to a $9,000 a month maximum
- Underserved borrowers to receive an additional 5 months of P & I payments
- For newly approved SBA loans (2/1 – 9/30/21) SBA to make 6 months of P & I payments
- No 1099's to be issued on Cares Act payments (awaiting official guidance)

SBA Procedural Notice 5000-20079 Effective 1/19/2021

Where To Find The Most Accurate Information

Beware of Outside Information

- **SBA.gov-** Coronavirus Relief Options (sba.gov)
- **Treasury.gov-** https://home.treasury.gov/policy-issues/cares/assistance-for-small-businesses

Forms and Guidance

Paycheck Protection Program (sba.gov)

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

Assistance From SBA Partners









- ***Free*** One-on-one business consulting, via Zoom, Skype, Phone, Email
- Assistance with information that will be required for a Loan
- Each application and every business is different
- Assistance in preparing financial statements
- Assistance with Cash Forecasts, especially for new businesses
- Updating your Business Plan
- NOW is the time to take care of your business' health
- Get a checkup for your business:

For the nearest office, visit: https://www.sba.gov/local-assistance

SBA Resource Partners

SCORE Northeast
Nemassachusetts.score.org

Massachusetts Small Business Development Center
www.msbdc.org/rfc

Center for Women & Enterprise
www.cweonline.org

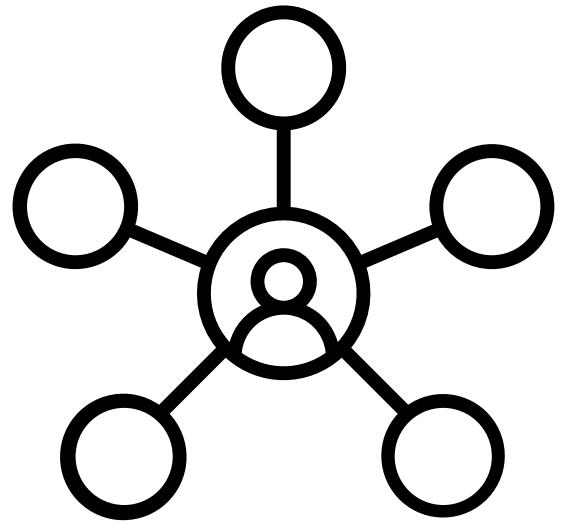
Veterans Business Outreach Center
www.cweonline.org/vboc

Mass Export Center
www.msbdc.org/export

Mass Procurement Technical Assistance Center
www.msbdc.org/ptac

Other SBA Programs & Services

- Loans through our lending partners (7a, 504, and microloans)
- Federal Contracting Programs (HubZone, 8a, women-owned, service disabled, etc)
- Surety Bond Programs
- Export and Trade Assistance
- Research and Development Grants (SBIR)



Questions?



U.S. Small Business Administration

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