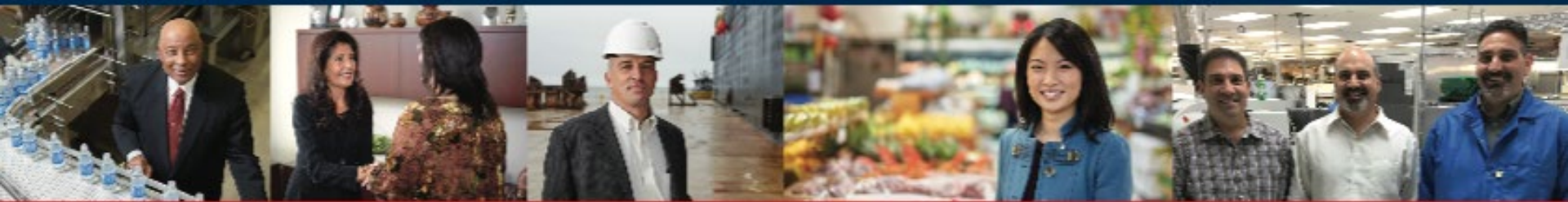


**SBA Assistance under the  
Economic Aid To Hard-hit Small Businesses,  
Nonprofits, And Venues Act of December 27, 2020**



U.S. Small Business  
Administration

# The SBA works to ignite change and spark action so small businesses can



## START • GROW • EXPAND • RECOVER

*This presentation is developed to provide a general overview of the processes related to provisions in the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Acts (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/EIDL FAQs, PPP/EIDL Application Forms and Instructions, and other PPP/EIDL guidance (together, official guidance), the official guidance governs.*

*Information continues to be updated on the Economic Aid Act. Please check [SBA.gov/ppp](https://www.sba.gov/ppp) and [SBA.gov/coronavirusrelief](https://www.sba.gov/coronavirusrelief) for the most up-to-date information.*

*This presentation reflects information as of January 19, 2021.*

# Assistance From SBA Resource Partners

Free assistance with preparing financial statements, submitting the loan applications, and recovery tools are available from any of SBA's Resource Partners:

Locate Partner: <https://www.sba.gov/local-assistance>

- Small Business Development Centers (SBDCs)
- SCORE
- Women's Business Centers (WBC)
- Veteran's Business Outreach Centers

# SBA's Economic Injury Disaster Loan Eligibility

**EIDL(working capital loans) applications are accepted through December 2021, pending availability of funds, and are available to:**

- Small businesses, including small agricultural and aquaculture businesses
- Most private non-profit organizations, faith-based organizations, and houses of worship
- Sole Proprietors and Independent Contractors
- Owners of rental property

# SBA's Economic Injury Disaster Loan Terms

## ***How much can I borrow?***

- Eligible entities may qualify for loans up to \$2 million\*\*

## ***The interest rates and term for this disaster loan are:***

- 3.75% for small businesses
- 2.75% for nonprofit organizations
- The loan term is 30 years and there is no penalty for pre-payment

## ***How can I use the loan funds?***

- These EIDL (working capital) loans may be used to pay fixed debts, payroll, accounts payable, and other bills that could have been paid had the disaster not occurred
- These loans are not intended to replace lost sales or profits or for expansion

## ***What is the collateral?***

- There is no real estate collateral required
- A blanket UCC-1 will be filed against the business collateral for loans over \$25,000
- Personal guarantees are required for loans greater than \$200,000

Applicants can have an existing SBA Disaster Loan and still qualify for a COVID-related EIDL, but the loans cannot be consolidated

# How to Apply for EIDL



Applicants apply online via SBA's secure website at <https://covid19relief.sba.gov/#/>



Applicants without internet access should call SBA's Customer Service Center at 800-659-2955 (800-877-8339 for the deaf and hard-of-hearing)



Submit inquiries to [disastercustomerservice@sba.gov](mailto:disastercustomerservice@sba.gov)

Correspondence can be mailed to:  
U.S. Small Business Administration  
Processing and Disbursement Center  
14925 Kingsport Road, Fort Worth, TX 76155

# Repeal of EIDL Advance Deduction

- SBA will no longer deduct EIDL Advances from forgiveness payments remitted to PPP lenders. This change will be applied to SBA forgiveness payments with a status of “Payment Confirmed” dated December 29, 2020 or later.
- For those loans where SBA remitted a forgiveness payment to a PPP lender that was reduced by an EIDL Advance, SBA will automatically remit a reconciliation payment to the PPP lender for the previously-deducted EIDL Advance amount, plus interest through the remittance date.
- The PPP lender is responsible for notifying the borrower of the reconciliation payment.
- The PPP lender is also responsible for re-amortizing the loan and notifying the borrower of the amount of the next payment due or advising the borrower that the loan has been paid in full, whichever is applicable.
- If the amount remitted by SBA to the PPP lender exceeds the remaining principal balance of the PPP loan (because the borrower made a payment on the loan), the PPP lender must remit the excess amount, including accrued interest paid by the borrower, to the borrower.

# TARGETED EIDL ADVANCE

- The Targeted EIDL Advance provides businesses located in low-income communities with additional funds to ensure small business continuity, adaptation, and resiliency.
- Advance funds of **up to \$10,000** will be available to applicants located in low-income communities who previously received an EIDL Advance for less than \$10,000, or those who applied but received no funds due to lack of available program funding.
- **Applicants do not need to take any action at this time. SBA will reach out to those who qualify.**
  - SBA will first reach out to EIDL applications that already received a partial EIDL Advance (i.e. between \$1,000 - \$9,000).
  - Applicants will be contacted directly by SBA via email in the coming weeks with instructions to determine eligibility and submit documentation.
  - All communications from SBA will be sent from an official government email with an @sba.gov ending.

# TARGETED EIDL ADVANCE BORROWER QUALIFICATIONS

Applicants may qualify if they:

• **Are located in a low-income community.** The definition of a “low-income community” is defined in section 45D(e) of the Internal Revenue Code.

- Note that the applicant must be **located** in a low-income community in order to qualify.
- Additional details on how SBA will identify low-income communities will be available soon on [www.sba.gov/coronavirusrelief](https://www.sba.gov/coronavirusrelief); AND

• **Can demonstrate more than 30% reduction in revenue** during an 8-week period beginning on March 2, 2020, or later.

- If an applicant meets the low-income community criteria, they will be asked to provide gross monthly revenue (all forms of combined monthly earnings received, such as profits or salaries) to confirm the 30% reduction.

# TARGETED EIDL PROCESS...CONTINUED

- SBA will reach out to those who applied for EIDL assistance on or before December 27, 2020 but did not receive an EIDL Advance due to lack of program funding.
  - These applicants will receive an email from SBA with instructions to determine eligibility and submit documentation.
  - Applicants may qualify for a Targeted EIDL Advance if they meet the criteria (low-income location and reduction in revenue) AND:
    - **Have 300 or fewer employees**
- Business entities normally eligible for the EIDL program are eligible, including sole proprietors, independent contractors, and private, nonprofit organizations.
- Agricultural enterprises are not eligible.
- All applicants may be asked to provide an [IRS Form 4506-T](#) to allow SBA to request tax return information on the applicant's behalf.
- **Please do not submit duplicate COVID-19 EIDL applications. Only prior applicants will be considered for the Targeted EIDL Advance. SBA will reach out to you if you qualify!**

# Paycheck Protection Program First Draw Updates



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# PPP Rollout

***To ensure increased access to PPP for minority, underserved, veteran, and women-owned business concerns:***

- Initial launch of PPP will accept loan applications from Community Financial Institutions such as
  - Community Development Financial Institutions
  - Minority Deposit Institutions
  - Certified Development Companies
  - SBA Microlenders
- SBA [Lender Match](#) will direct borrower inquiries to these mission-based lenders
- The PPP is open to all participating lenders now

# How and When to Apply for PPP

- Borrowers can apply for a PPP Loan until March 31, 2021
- PPP participating lenders may include existing SBA 7(a) lenders, federally insured depository institutions (FDICs), federally insured credit unions (FICUs), eligible non-bank lenders, or Farm Credit System institutions
- A list of participating lenders, additional information, and full terms can be found [HERE](#)

# PPP LOAN ELIGIBILITY

- Small businesses, together with their affiliates (if applicable) that have 500 or fewer employees, including
  - Sole proprietorships, independent contractors, and self-employed persons, 501-C(3) and 501- C(19) organizations
  - News organizations
- PPP Second Draw eligibility changes to 300 employees
- Housing Cooperatives, 501-C (6) organizations, and marketing destination organizations with no more than 300 employees
- Entities with no more than 500 employees in the Accommodation and Food Sector (NAICS 72)
  - PPP Second Draw eligibility changes to 300 employees
- Entities must comply with size standards, eligibility criteria, and certain limitations
- PPP First Draw application is [SBA Form 2483](#)

# PPP ELIGIBLE COVERED LOAN EXPENSES

- Payroll costs, including benefits – At least 60% of the funds must cover this expense
- Mortgage interest
- Rent
- Utilities
- Expanded New Expenses:
  - Worker Protection Costs related to COVID-19
  - Uninsured Property Damage Costs caused by looting or vandalism during 2020
  - Certain Supplier Costs and Operations Expenditures
- Borrower can select a Covered Period anytime between 8 and 24 weeks after disbursement

# Paycheck Protection Program Second Draw Updates



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# PPP SECOND DRAW ELIGIBILITY

- Eligible borrowers who previously received a PPP First Draw may apply for a Second Draw
  - Maximum Second Draw is \$2 Million
  - Loan Terms are the same as PPP First Draw
- Has expended or will expend the proceeds of the full PPP First Draw for eligible expenses before the PPP Second Draw is disbursed
- 300 or less employees
- Incurred a documentable reduction of at least a 25% in gross receipts between comparable quarters in 2019 and 2020
- PPP Second Draw application is [SBA Form 2483-SD](#)

# PPP SECOND DRAW LOAN AMOUNT CALCULATION

- 2.5 times Average Monthly 2019 or 2020 payroll costs
- For borrowers in Accommodation and Food Services (click [HERE](#) to find if your code is NAICS 72) it is 3.5 times Average Monthly 2019 or 2020 payroll costs

# Paycheck Protection Program Forgiveness Updates



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# PPP FORGIVENESS

- EIDL Advances will not be deducted from PPP forgiveness
- Forgiven PPP loans are not taxable income; expenses paid with PPP loan funds are now tax deductible; **consult the IRS** for details
- Loan Proceeds are spent on payroll costs and eligible expenses
- At least 60% of the proceeds are spent on payroll costs
- Employee and compensation levels are maintained
- SBA is developing a simplified forgiveness application for loans under \$150,000

# PPP LOAN TERMS

- Maximum loan amount is \$10 million (PPP First Draw) or \$2 million (PPP Second Draw)
- Interest rate is 1%
- First payment deferred
  - to the date that SBA remits the forgiveness amount to the borrower's lender
  - OR, 10 months after the end of the borrower's loan forgiveness covered period if the borrower does not apply for loan forgiveness
- Loan maturity is 5 years
- No collateral requirements
- No personal guarantees required
- No borrower or lender fees payable to SBA
- Program available through March 31, 2021

# Shuttered Venue Operators Grant (SVOG)



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# SVOG ELIGIBILITY

- **SBA is not yet accepting SVOG Applications**
- Allows for up to \$15 billion in grants to applicants who meet the eligibility requirements and have been affected by the COVID pandemic
- Administered by the SBA's Office of Disaster Assistance
- Eligible Applicants:
  - May qualify for grants equal to **45% of gross earned revenue**
  - Maximum single grant award: \$10 million
- At least \$2 billion of the total program reserved for eligible, small operators with **up to** 50 full-time employees

# ELIGIBLE APPLICANTS MAY INCLUDE

Theatrical producers

Museum operators, zoos  
and aquariums who meet  
specific criteria

Motion picture theater  
operators

Live performing arts  
organization operators

Live venue operators or  
promoters

Talent representatives

Any subsidiaries of these organizations that also meets the eligibility requirements.



# SVOG REQUIREMENTS

- Applicant must have been in operation as of **Feb. 29, 2020**
- **Must not have received** a PPP loan on or after Dec. 27, 2020
- You are **not** prohibited from applying for an SVOG if:
  - You already have a COVID-19 EIDL loan or plan to apply for one
  - You received a First Draw PPP **prior to Dec. 27, 2020**

# DECIDING BETWEEN SVOG AND PPP

**PPP:** used primarily to cover payroll costs for employees rather than independent contractors; is a *forgivable loan* if certain standards & eligibility requirements are met.

**SVOG:** prove eligibility requirements are met; allows for broader use of funds; does not need to be repaid.

**COVID EIDL:** a loan; used primarily to cover working capital had the pandemic not occurred.

Applying for PPP **after Dec 27, 2020** or the SVO Grant does not have any impact on your COVID EIDL eligibility.

# CALCULATING SVOG FUNDS

- Depends on when the organization was in operation
- If in operation on **1/1/2019**:
  - The lesser of an amount equal to 45% of 2019 gross earned revenue OR \$10 million
- If in operation **after 1/1/2019**:
  - The lesser of the average monthly gross revenue for each full month you were in operation during 2019 multiplied by 6 OR \$10 Million.

# HOW TO APPLY

The SBA is in the process of setting up the grant program and is **not yet accepting applications**. Small businesses who have suffered the greatest economic loss will be the first applications processed under the following schedule:

*Open only to small entities with up to 50 employees.*

First Priority <i>1st 14 days of grant awards</i>	Entities that suffered a 90% or greater revenue loss between April 2020 through December 2020 due to the COVID-19 pandemic.
Second Priority <i>Next 14 days of grant awards</i>	Entities that suffered a 70% or greater revenue loss between April 2020 through December 2020 due to the COVID-19 pandemic.
Third Priority <i>Beginning 28 days after First &amp; Second Priority Awards are made</i>	Entities that suffered a 25% or greater revenue loss between April 2020 through December 2020 due to the COVID-19 pandemic.
Supplemental Funding <i>Available after First &amp; Second Priority</i>	Recipients of First and Second Priority round who suffered a 70% or greater revenue loss for the most recent calendar quarter (as of 04-01-21 or later)

*Unrestricted; open to entities of any size:*

Unrestricted, non-priority round <i>Begins 61 days after initial grant awards</i>	Eligible entities of any size that suffered a 25% or greater revenue loss
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# ALLOWABLE USE OF FUNDS

Funds may be used for specific expenses, which include:

- Payroll costs
- Rent payments
- Utility payments
- Scheduled mortgage payments (*not including prepayment of principal*)
- Scheduled debt payments (*not including prepayment of principal*) on any indebtedness incurred in the ordinary course of business prior to 02-15-20)
- Worker protection expenditures
- Payments to independent contractors (*not to exceed \$100K in annual compensation per contractor*)
- Other ordinary and necessary business expenses, including maintenance costs
- Administrative costs (*incl. fees and licensing*)
- State and local taxes and fees
- Operating leases in effect as of 02-15-20
- Insurance payments
- Advertising, production transportation, and capital expenditures related to producing a theatrical or live performing arts production. (*May not be primary use of funds.*)

# GRANT AWARD, CONTINUED

- Grantees may **not** use award funds to:
  - Buy real estate
  - Make payments on loans originated after 02-15-20
  - Make investments or loans
  - Make contributions or other payments to, or on behalf of, political parties, political committees, or candidates for election
  - Any other use prohibited by the Administrator
- Grantee Recordkeeping
  - Grantees will be required to maintain documentation demonstrating their compliance with the eligibility and other requirements of the SVO Grant program.
  - They must retain employment records for four years following their receipt of a grant and retain all other records for three years.
- Application and additional guidelines will be posted when available
- For additional information, email [SVOGrant@sba.gov](mailto:SVOGrant@sba.gov). All emails regarding SVO Grants will be sent using an official government email address ending in @sba.gov.

# THANK YOU FOR YOUR TIME

For more information on SBA's emergency capital programs visit [www.sba.gov/coronavirusrelief.](https://www.sba.gov/coronavirusrelief)

Sign up for SBA's emails at [www.sba.gov/updates](https://www.sba.gov/updates) and follow us on Twitter at [@SBA\\_EasternPA](https://twitter.com/SBA_EasternPA)

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