



2021 SBA COVID-19 Economic Relief Overview

Current as of April 14, 2021

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 (the Economic Aid Act) and American Rescue Plan Acts. In the event of any inconsistency between this presentation and the PPP Extension Act of 2021, American Rescue Plan Act, the Economic Aid Act, the PPP Flexibility Act of 2020, the CARES Act, PPP IFRs, SBA FAQs, PPP Application Forms and Instructions, and other PPP guidance (together, official guidance), the official guidance governs.

Information Current as of 4/14/21 – Visit [SBA.gov/relief](https://www.sba.gov/relief) for the most up-to-date information.

SBA COVID-19 Economic Relief Funding Options

Loan Programs

Payment & Grant Programs



Paycheck
Protection
Program



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



Economic Injury
Disaster Loan, Targeted
EIDL Advance and
Supplemental Targeted
Advance



Shuttered Venue
Operators Grant
and Restaurant
Revitalization Fund

Top PPP Takeaways from the Economic Aid and American Rescue Plan Acts

- Expanded PPP eligibility and how funds can be used
- A borrower can select a covered period to be **between 8 and 24 weeks**
- A Second Draw PPP loan option for hardest hit small businesses
- Deduction of expenses covered with forgiven PPP loan debt on federal taxes
- Updated simplified forgiveness form to include PPP loans of up to \$150,000 (86% of PPP loans submitted in 2020)
- EIDL Advance no longer subtracted from PPP loan forgiveness amount



SBA.gov/ppp



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Updated Loan Amount Calculation for 1040 Schedule C Filers

Sole proprietors, independent contractors & eligible self-employed

- Schedule C filers can use **gross income** rather than **net profit** to calculate their PPP loan amount to receive more financial support
- Not retroactive for Schedule C filers who submitted a PPP application using the old form
- If you submitted a Schedule C PPP application prior to March 3, 2021, speak to your lender immediately to see if it can be withdrawn or canceled so the new form can be used
- If the loan has already been disbursed & lender has filed a Form 1502 Report, it cannot be cancelled, and no changes can be made to the loan amount calculation



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PPP Eligibility Expanded and Clarified

Additional steps to further promote fair and equitable relief

- Eliminated restrictions on businesses with owners who have **prior non-financial fraud felony convictions**
- Eliminated the restriction on businesses owned or controlled by owners who are currently delinquent or have defaulted on **federal student loan debt**
- Clarified all persons lawfully residing in the U.S. have access to the PPP. Permitting the use of **Individual Taxpayer Identification Numbers (ITINs)** as an identifier for a PPP borrower



SBA.gov/ppp

What is a First Draw PPP Loan?

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

- Must have been in business by Feb. 15, 2020
- Borrowers can set the covered period to use PPP loan proceeds to be any length between 8 and 24 weeks after disbursement
- Additional types of entities now eligible
- Covered eligible expenses are expanded
- Must apply **on or before May 31, 2021**, or until Congressional appropriations are exhausted



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First Draw PPP Loan Eligibility

Must comply with size standards, eligibility criteria & certain limitations

Newly Eligible per American Rescue Plan Act

- Certain additional 501(c) non-profit organizations
- Certain internet-only news & internet-only periodical publishing organizations

Still Eligible

- Sole proprietors, independent contractors, self-employed individuals
- Business entities (e.g., partnerships, corporations, LLCs)
- Tribal businesses
- 501(c)(3) non-profit organizations
- 501(c)(19) Veterans organizations
- Housing cooperatives
- Destination marketing organizations
- Certain 501(c)(6) organizations such as Chambers of Commerce
- Certain news organizations



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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

- Maximum loan amount is \$2 million
- First Draw and Second Draw PPP loan covered periods cannot overlap
- Must demonstrate at least a 25% reduction in gross receipts between comparable quarters in 2019 and 2020



PPP Loan Application Process



1. Find a PPP Lender

- [SBA.gov/LenderMatch](https://www.sba.gov/LenderMatch)
- [SBA.gov/paycheckprotection/find](https://www.sba.gov/paycheckprotection/find)
- Contact SBA Resource Partner: [SBA.gov/local-assistance](https://www.sba.gov/local-assistance)

2. Complete Application

- Include all supporting documentation
- Get help from SBA Resource Partner: [SBA.gov/local-assistance](https://www.sba.gov/local-assistance)

3. SBA Issues Loan

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

May 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](https://www.sba.gov/ppp)

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PPP Loan Terms / Maturity

If the PPP loan is not 100% forgiven

PPP loans have:

- A fixed interest rate of 1% that is non-compounding and non-adjustable
- No requirement for collateral or personal guarantees
- No fees or prepayment penalties
- A five-year maturity (for those issued before June 5, 2020, it's two years); borrowers can ask their lender to extend to five years
- Payments start once borrower knows how much of the PPP loan is forgiven; lender will notify the borrower
- If borrowers do not apply for forgiveness, payments start 10 months after the last day of the covered period



SBA.gov/ppp

PPP Loan Forgiveness

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

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; **contact 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)

Economic Aid Act Extended Deadline to Dec. 31, 2021

- Can be used for 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
- **Payments deferred** – 2020 loans - 24 months; 2021 loans – 18 months



SBA.gov/eidl



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Debt Relief for Certain SBA Loans

Program for 7(a), 504 and Microloan Borrowers Only

- For new 7(a), 504 or Microloans approved on or after February 1, 2021 and through September 30, 2021, SBA will pay three months of principal and interest after the loan is fully disbursed and after any deferment, capped at \$9,000 per loan per month.
- Borrowers do not need to apply for this debt relief; the SBA provides it automatically.
- Letters have been distributed to eligible borrowers; a sample letter can be found at www.sba.gov/coronavirusrelief > Debt Relief > Sample Section 1112 Borrower Letter
- Contact your lender with debt relief questions



Targeted EIDL Advance

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

New Program in the Economic Aid Act

- Only for businesses & non-profits that applied for an EIDL and 1) are in a **low-income community**; 2) have suffered **greater than 30% economic loss**; and 3) have **300 or fewer employees**
- If you meet the above, a Targeted EIDL Advance will (per funding availability):
 - Balance out a previous EIDL Advance to a full \$10,000
 - Provide \$10,000 to those who applied for an EIDL but didn't receive an Advance payment due to lack of funding
- The **SBA is emailing those who may qualify** with instructions on how to determine eligibility and submit documentation.



SBA.gov/eidl

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
- Confirmation that the information in original EIDL application is still accurate (changes may require a manual review and documentation)
- Applicants initially eligible will be required to sign a 4506-T for the SBA to obtain tax transcripts for further processing
- **DOUBLE CHECK EVERYTHING**



Other New Programs

Relief & assistance for the hardest-hit industries and businesses

Shuttered Venue Grant Program

- Grant for eligible entities in operation as of Feb. 29, 2020

Supplemental Targeted Advance Payment: [SBA.gov/targetedadvance](https://www.sba.gov/targetedadvance)

- A \$5 billion fund for \$5,000 payments to those hardest hit

Restaurant Revitalization Fund

- A \$28.6 billion fund for eligible entities in this hard-hit industry

Community Navigator Pilot Program: [SBA.gov/navigators](https://www.sba.gov/navigators)

- \$100 million for grants to eligible organizations supporting efforts to improve access to COVID-19 pandemic assistance programs and resources

SBA Programs & Services – Resource Partners

- Counseling
 - Maine Small Business Development Centers
 - www.mainesbdc.org
 - Women's Business Centers
 - www.ceimaine.org/women
 - SCORE
 - www.scoremaine.org
 - Veterans Business Outreach Center
 - www.cweonline.org

www.sba.gov

www.sba.gov/me

www.sba.gov/local-assistance

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Call: (207) 622-8551



www.sba.gov/relief - all economic aid options

www.sba.gov/ppp - Paycheck Protection Program

www.sba.gov/svogrant - Shuttered Venue Operators Grant

Questions

