



# **2021 COVID-19 Economic Aid Overview**

***Current as of March 2, 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 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.

# Today's collaboration

**CBP's Women's Business Center of Northern Virginia**

**[cbponline.org/](https://cbponline.org/)**

**Washington, D.C. Women's Business Center**

**[dcwbc.org/](https://dcwbc.org/)**

**Maryland Women's Business Center**

**[marylandwbc.org/](https://marylandwbc.org/)**

**Old Dominion University Women's Business Center**

**[odu.edu/iie/wbc/](https://odu.edu/iie/wbc/)**

**U.S. Small Business Administration (SBA)  
Washington Metropolitan Area District Office**

# Today's Presenter

**Roderick Johnson** is a Lender Relations Specialist with the Small Business Administration. Rod has over 30 years of experience lending to small, middle market and large corporate businesses. He has an MS in Financial Management and his motto is: *I burst open the banks' vault doors for local, growing and profitable businesses.*



# 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 & 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)

# Paycheck Protection Program (PPP) Top Takeaways

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



**[SBA.gov/PPP](https://www.sba.gov/ppp)**

Information Current as of 3/2/21 – Visit [SBA.gov/CoronavirusRelief](https://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 set the covered period to use PPP loan proceeds to be any length between 8 and 24 weeks after disbursement
- Certain borrowers may request an increase to their original PPP loan amount
- Must have been in business by February 15, 2020
- Must apply **on or before March 31, 2021**, or until Congressional appropriations are exhausted



**SBA.gov/PPP**

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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 organizations
- 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.



**SBA.gov/PPP**

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# 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; and
- Can demonstrate at least a 25% reduction in gross receipts between comparable quarters in 2019 and 2020.



**SBA.gov/PPP**

# 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

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



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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 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 will be 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



# 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



# 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 December 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 3/2/21 – Visit [SBA.gov/CoronavirusRelief](https://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



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# 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 before the agency can approve the Targeted EIDL Advance



**SBA.gov/CoronavirusRelief**

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# New Program: Targeted EIDL Advance

## Application Process

- Only one submission for each Targeted EIDL Advance can be made
- Carefully review the bank account information
- Ensure information submitted is 100% correct; due to limited Targeted EIDL Advance funds, the SBA will not be able to make reconsiderations
- SBA's goal is to process completed applications within 21 days; applications may not be considered complete until after IRS Form 4506-T is received
- **Application questions:** [TargetedAdvance@sba.gov](mailto:TargetedAdvance@sba.gov)
- **If approved:** You will receive an email & ACH deposit to the bank account provided



**SBA.gov/CoronavirusRelief**

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# New Program: Shuttered Venue Operators Grant (SVOG)

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
- Talent representatives
- Up to five business entities owned by an eligible entity that also meet the eligibility requirements

## Plus ...

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



**SBA.gov/svog**

Information Current as of 3/2/21 – Visit [SBA.gov/CoronavirusRelief](https://www.sba.gov/CoronavirusRelief) for the most up-to-date information.

# Cross Program Eligibility on Economic Aid

**\*\* Certain criteria must be met for each program \*\***

→ Applicant for → ↓ Recipient of ↓	Paycheck Protection Program	Shuttered Venue Operators Grant	COVID-19 Economic Injury Disaster Loan
Paycheck Protection Program	First Draw PPP borrowers may be eligible to apply for Second Draw PPP loans	May apply for SVOG if received a PPP loan prior to 12/27/2020	May apply for EIDL; PPP and EIDL can't be used for the same purpose/costs
Shuttered Venue Operators Grant	Not eligible to apply for PPP loan	May be eligible to receive a supplemental SVOG grant	May apply for EIDL; SVOG and EIDL can't be used for the same purpose/costs
COVID-19 Economic Injury Disaster Loan	May apply for PPP; EIDL and PPP can't be used for the same purpose/costs	May apply for SVOG; EIDL and SVOG can't be used for the same purpose/costs	The same business cannot apply for more than one EIDL



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**[SBA.gov/CoronavirusRelief](https://www.sba.gov/CoronavirusRelief)**

# SBA-Backed Loan Debt Relief

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

- Assistance varies based on when the SBA-backed loan was approved and by type of loan: 7(a), 504 and/or Microloan.
- 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/document/support-sample-section-1112-borrower-letter](https://www.sba.gov/document/support-sample-section-1112-borrower-letter).
- Contact your lender with debt relief questions.



**SBA.gov/CoronavirusRelief**

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# Key Takeaways

## Loan Programs



Paycheck  
Protection  
Program  
(PPP)



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



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# What to Do Now & Additional Resources

## What to do Now

- Contact your lender re: PPP
- If you do not have a lender, find one at [www.sba.gov/lendermatch](https://www.sba.gov/lendermatch)
- Visit [www.sba.gov/PPP](https://www.sba.gov/PPP) for the most up-to-date PPP info
- For information on all SBA-related economic aid programs, visit [www.sba.gov/CoronavirusRelief](https://www.sba.gov/CoronavirusRelief)

## Additional Resources

- Contact your local SBA District Office or SBA-funded Resource Partner: [www.sba.gov/local-assistance](https://www.sba.gov/local-assistance)
- Receive email announcements: [www.sba.gov/updates](https://www.sba.gov/updates)
- Follow us on Twitter: @SBAgov and @SBA\_DCMetro
- Contact SBA's Washington Metropolitan Area District Office (see below)

**(202) 205-8800 | [wmadoee@sba.gov](mailto:wmadoee@sba.gov)**  
**[www.sba.gov/offices/district/dc/washington/about-us](https://www.sba.gov/offices/district/dc/washington/about-us)**

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[www.sba.gov/CoronavirusRelief](http://www.sba.gov/CoronavirusRelief) - all SBA-related economic aid options

[www.sba.gov/PPP](http://www.sba.gov/PPP) - Paycheck Protection Program

[www.sba.gov/svog](http://www.sba.gov/svog) - Shuttered Venue Operators Grant



# Questions

