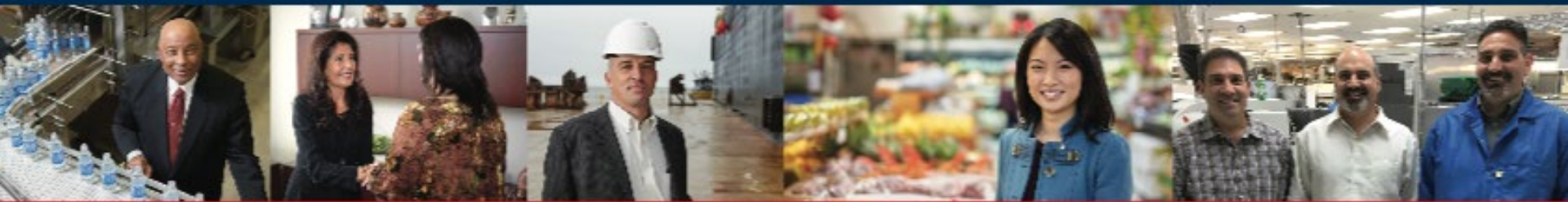


**SBA Assistance
under the Economic Aid Act
of December 27, 2020**



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/coronavirus](https://www.sba.gov/coronavirus) for the most up-to-date information.

This presentation reflects information as of January 8, 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

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.

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 will open to all participating lenders shortly thereafter

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 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 2843](#)

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 2843-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
- 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
- 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

THANK YOU FOR YOUR TIME

For more information on SBA's emergency capital programs visit www.sba.gov/coronavirus and sign up for SBA's emails at www.sba.gov/updates





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