



2021 COVID-19 Economic Aid Overview

Current as of February 5, 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.

Information Current as of 2/5/21 – Visit [SBA.gov/CoronavirusRelief](https://www.sba.gov/CoronavirusRelief) for the most up-to-date information.

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)

Information Current as of 2/5/21 – Visit www.sba.gov/CoronavirusRelief for the most up-to-date information.

Paycheck Protection Program 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 2/5/21 – Visit 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 Feb. 15, 2020
- Must apply **on or before March 31, 2021**, or until Congressional appropriations are exhausted



SBA.gov/PPP

Information Current as of 2/5/21 – Visit www.sba.gov/CoronavirusRelief for the most up-to-date information.



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 organization
- Tribal businesses



SBA.gov/PPP

Information Current as of 2/5/21 – Visit www.sba.gov/CoronavirusRelief for the most up-to-date information.



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

Information Current as of 2/5/21 – Visit www.sba.gov/CoronavirusRelief for the most up-to-date information.



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



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

Information Current as of 2/5/21 – Visit www.sba.gov/CoronavirusRelief for the most up-to-date information.



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



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

Information Current as of 2/5/21 – Visit www.sba.gov/CoronavirusRelief for the most up-to-date information.



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



SBA.gov/PPP

Information Current as of 2/5/21 – Visit www.sba.gov/CoronavirusRelief for the most up-to-date information.



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 Dec. 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](https://www.sba.gov/Disaster)

Information Current as of 2/5/21 – Visit 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.



Information Current as of 2/5/21 – Visit www.sba.gov/CoronavirusRelief for the most up-to-date information.

SBA.gov/CoronavirusRelief



New Program: Shuttered Venue Operators Grant

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 Feb. 29, 2020



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

Information Current as of 2/5/21 – Visit www.sba.gov/CoronavirusRelief for the most up-to-date information.



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/coronavirusrelief > Debt Relief > Sample Section 1112 Borrower Letter
- Contact your lender with debt relief questions



Local Resources

- Our Resource Partners, **SBDC, SCORE, WBC, VBOC**, are ready to help with free business advising.
 - NorCal SBDC Financing Team - ASKSBDC.com
 - Find location near you: [Get Local Assistance \(sba.gov\)](https://www.sba.gov/get-local-assistance)
- **SBA's Customer Service Center** (for EIDL Loans only)
 - 1-800-659-2955 / 1-800-877-8339 (TTY)
 - Email: disastercustomerservice@sba.gov

Stay Connected

SBA Links & Contacts



Subscribe to SBA's e-newsletter: www.sba.gov/updates



Follow the SBA on Twitter: [@SBAgov](https://twitter.com/SBAgov), [@SBA_SF](https://twitter.com/SBA_SF)



Email: SFOMail[@sba.gov](mailto:SFOMail@sba.gov)



Call: (415) 744-6820



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

www.sba.gov/ppp - Paycheck Protection Program

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

Information Current as of 2/5/21 – Visit www.sba.gov/CoronavirusRelief for the most up-to-date information.

Questions



Information Current as of 2/5/21 – Visit www.sba.gov/CoronavirusRelief for the most up-to-date information.

