



U.S. Small Business
Administration

Financial Assistance Available

For small business affected by COVID-19

Information current as of 7/23/20

- Debt Deferment or Relief:
 - Automatically deferring payments on existing disaster loans thru 12/31/20
 - Reflected in monthly notice
 - SBA Debt Relief Program
 - The SBA will pay the principal and interest of current 7(a), 504 and microloans for a period of six months.
 - The SBA will also pay the principal and interest of new 7(a), 504 and microloans issued prior to September 27, 2020.
- Loans:
 - Paycheck Protection Program (PPP) – ends 8/8/20
 - Economic Injury Disaster Loan (EIDL) –reopened 6/15/20
 - EIDL Advance – ended (funds exhausted 7/11/20)
 - Community Advantage Recovery Loan (CARL) – ends 9/27/20

Program Comparison

	PPP	EIDL	EIDL Advance
Purpose	Forgivable if used for payroll costs (min 60%), mortgage interest, rent/utilities (max 40%)	To meet financial obligations and operating costs could have met had COVID-19 not occurred	To meet financial obligations and operating costs could have met had COVID-19 not occurred
Terms	Up to \$10 million 1% interest rate	Up to \$150,000 3.75% interest-small biz 2.75% interest-nonprofit	Up to \$10,000 \$1,000 per employee
Forgivable	yes	no	yes
Maturity	2 or 5 years	30 years	N/A
First Payment Due	Deferred 16+ months	Deferred 12 months	N/A

PPP Flexibility Act

What changed

- Covered period changes from 8 weeks to 24 weeks
 - 8 weeks = \$15,385 cap
 - 24 weeks = \$20,833 cap
- 75/25 ratio changes to 60/40 for loan forgiveness
- “Safe harbor” from reductions on loan forgiveness:
 - Unable to return to pre-Feb 15 level business activity by Dec 31 due to COVID-19 health issues
 - Cannot rehire all employees or similarly qualified employees to restore pre-Feb 15 FTEs
- Loan maturity increases from 2 to 5 years
- Extended deferral from date of loan to date SBA remits forgiveness amount to the lender (or 10 months post covered period if borrower doesn't apply for forgiveness)

PPP Flexibility Act

What does not change - subject to further SBA/Treasury/Congressional action

- Eligibility
- Use of proceeds
- \$ amount eligible to borrow
- Each business limited to one loan

PPP Loan Forgiveness

- Forgiveness Application [Form 3508EZ](#)
 - Self-employed with no employees
 - Did not reduce number of FTEs, pay by more than 25% and average hours (safe harbor applies) Jan 1- covered period, or
 - Did not reduce pay by more than 25% and could not return to pre-Feb 15 operating levels
- Forgiveness Application Form 3508
 - Everyone else
- Recommendations:
 - Document everything
 - Keep all documents related to payroll and benefits,
 - Keep all utility bills
 - Keep all emails or other correspondence related to rehiring employees
 - Documents supporting certification can't return to pre-Feb 15 operations

Documents to Maintain

See instructions to Form 3508 or 3508EZ for details

- **Payroll Documentation:** Documentation supporting the certification that annual salaries or hourly wages were not reduced by more than 25 percent during the Covered Period relative to the period between January 1, 2020 and March 31, 2020. This documentation must include payroll records that separately list each employee and show the amounts paid to each employee during the period between January 1, 2020 and March 31, 2020, and the amounts paid to each employee during the Covered Period.
- Documentation supporting the certification, if applicable, that the Borrower did not reduce the number of employees or the average paid hours of employees between January 1, 2020 and the end of the Covered Period... This documentation must include payroll records that separately list each employee and show the amounts paid to each employee
- **Safe Harbors:** Documentation regarding any employee job offers and refusals, refusals to accept restoration of reductions in hours, firings for cause, voluntary resignations, written requests by any employee for reductions in work schedule, and any inability to hire similarly qualified employees for unfilled positions on or before December 31, 2020.
- Documentation supporting the certification, if applicable, that the Borrower was unable to operate between February 15, 2020 and the end of the Covered Period at the same level of business activity as before February 15, 2020 due to compliance with health guidance. This documentation must include copies of the applicable requirements for each borrower location and relevant borrower financial records.
- All records relating to the Borrower's PPP loan.

PPP Forgiveness Process

- Submit forgiveness application to lender- borrower must request forgiveness from Lender after covered period or all funds are spent.
- Lender will request documentation to verify how funds were spent and review
- Lender will request forgiveness from SBA
- Any unforgiven portion will be converted into term loan
 - 1% interest
 - 2 or 5 year term
 - 10+ month deferment

PPP

What is forgivable?

- PPP loan can be spent on:
 - Payroll Costs(at least 60% of loan proceeds)
 - Employee compensation – salary, wages, tips etc
 - Employer’s Payment for benefits like group health coverage, retirement plans, leave options
 - Except FFCRA – can’t get FFCRA credit and those leave options paid for under PPP
 - State and local taxes assessed on employee compensation
 - Non-payroll Costs (no more than 40% of loan proceeds) – must have been in service before Feb 15, 2020
 - Mortgage interest
 - Rent
 - Utilities - electricity, gas, water, telephone, transportation, or internet access

Source: Interim Final Rule and Forgiveness Application instructions

PPP Loan Forgiveness

Example using EZ form

Payroll and Non-payroll Costs

Line 1. Payroll Costs:	\$75,000
Line 2. Business Mortgage Interest Payments:	\$0
Line 3. Business Rent or Lease Payments:	\$20,000
Line 4. Business Utility Payments:	\$5,000

Potential Forgiveness Amounts

Line 5. Add the amounts on lines 1, 2, 3, and 4:	\$100,000
Line 6. PPP Loan Amount:	\$100,000
Line 7. Payroll Cost 60% Requirement (divide Line 1 by 0.60):	\$125,000

Forgiveness Amount

Line 8. Forgiveness Amount (enter the smallest of Lines 5, 6, and 7): \$100,000

PPP Rules and Resources – Forgiveness Focused

<https://www.sba.gov/paycheckprotection> OR

<https://home.treasury.gov/policy-issues/top-priorities/cares-act/assistance-for-small-businesses>

- Interim Final Rules:
 - [Interim Final Rule 1](#) (4/2/2020)
 - [Interim Final Rule on Loan Forgiveness](#) (originally posted 5/22/2020)
 - [Interim Final Rule on SBA Loan Review Procedures and Related Borrower and Lender Responsibilities](#) (5/22/2020)
 - [Interim Final Rule on Revisions to First Interim Final Rule](#) (6/11/2020)
 - [Interim Final Rule on Additional Revisions to First Interim Final Rule](#) (originally posted 6/12/2020)
 - [Interim Final Rule on Revisions to the Third and Sixth Interim Final Rules](#) (originally posted 6/17/2020)
 - [Interim Final Rule on Revisions to Loan Forgiveness Interim Final Rule and SBA Loan Review Procedures Interim Final Rule](#) (6/22/2020)
 - [Interim Final Rule on Additional Eligibility Revisions to First Interim Final Rule](#) (6/24/2020)

SBA is OPEN for Business

- District Office teams are assisting people by phone and email as are our resource partners. Contact San Francisco District Office at SFOMail@sba.gov or call (415) 744-6820 and leave a message.
 - SF Resource Guide – Lists local resource partners/SBA lenders
 - https://www.sba.gov/sites/default/files/files/resourceguide_3102.pdf
- Our Resource Partners, SBDC, SCORE, WBC, VBOC, are ready to help with free business advising.
 - NorCal SBDC Financing Team: 833-ASK-SBDC or loans@asksbdc.com
- Webinars: to find out when and where, sign up for our newsletter and we will push info to you as it becomes available
- SFDO Newsletter – sign up to have the latest information pushed to you.
 - Sign up: <https://www.sba.gov/ca/sf>
- [SBA.gov/coronavirus](https://www.sba.gov/coronavirus): contains latest program information
- Follow us on Twitter: @SBAgov and @SBA_SF

Resources

- SBA COVID-19 Funding Options
 - <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options>
- SBA's Customer Service Center (for Disaster Loans)
 - 1-800-659-2955 / 1-800-877-8339 (TTY)
 - Email: disastercustomerservice@sba.gov
- Paycheck Protection Plan Rules
 - <https://www.sba.gov/paycheckprotection>
 - <https://home.treasury.gov/policy-issues/top-priorities/cares-act/assistance-for-small-businesses>
- PPP Loan Forgiveness Applications
 - <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program>
 - <https://home.treasury.gov/policy-issues/cares/assistance-for-small-businesses>
- Community Advantage Recovery Loans
 - Main Street Launch <https://mainstreetlaunch.org/>