



APPLYING FOR THE SECOND ROUND OF COVID-19 RELIEF FUNDING

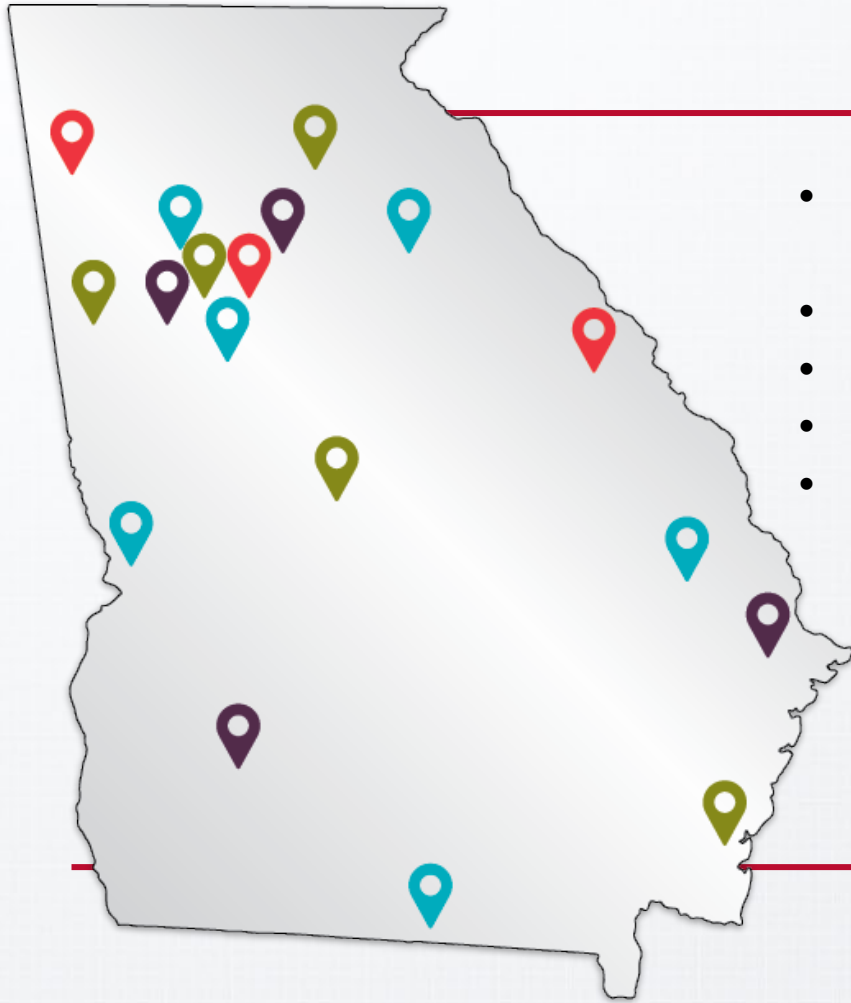
January 19, 2020



Small Business
Development Center
UNIVERSITY OF GEORGIA



OUR RESOURCE PARTNERS & Statewide Reach



- Funded in part through a Cooperative Agreement with the U.S. Small Business Administration
- A Public Service and Outreach Unit of the University of Georgia
- 18 offices covering every county in the state.
- One network, in partnership with 7 state universities
- Partnership to present this webinar with Georgia Department of Economic Development and Georgia Department of Community Affairs.



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Housekeeping



Chat?

Use the **Chat** function if you are experiencing issues during the presentation and to respond to/interact with facilitators when appropriate



Questions?

Use the **Q & A** function to post your questions. We will be answering questions throughout the session and have dedicated Q&A time at the end.



They're in the email

It's hard to listen, write, grab a bite to eat, slurp down coffee so we're going to send you the presentation when were done, just give us about 24 hours.



How'd we do?

We always try to get better and you can help by completing the evaluation at the end of this webinar. It'll appear automatically or after you hit the LEAVE MEETING button. Thanks!





Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues

- Signed into law on December 27, 2020
- It is part of Consolidated Appropriations Act of 2021
- Referred to as “**Economic Aid Act**”
- Key Components:
 - “PPP Second Draw” Loan (PPP2)
 - Targeted EIDL Advance
 - SBA Guaranteed Loan Debt Relief
 - Targeted Programs for:
 - Hardest Hit Businesses
 - Disadvantaged Businesses
 - Resolves tax treatment of PPP Forgiveness and Debt Relief Payment



“Second Draw PPP” (PPP2)

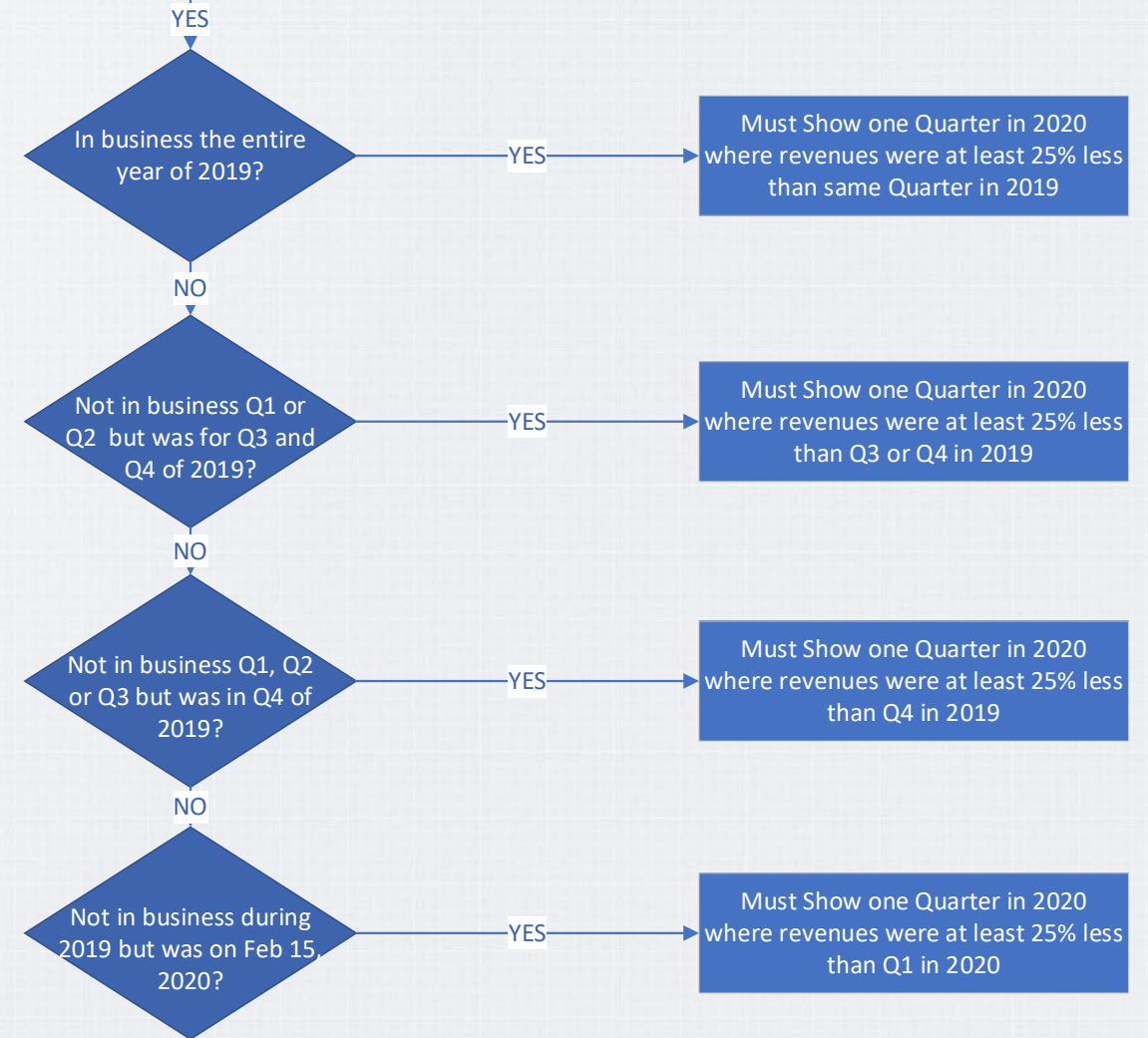
- Eligible Businesses:
 - Must have experienced at least one quarter in 2020 where revenues were 25% or more below corresponding 2019 quarter
 - No more than 300 employees
 - Must have or will use full amount of initial PPP loan funds (PPP1)
 - Same business types as qualified for initial PPP loans
 - Had to be in business on February 15, 2020
- Loan limit of \$2M and \$10M if combined with PPP1
- Loan based on:
 - 2.5X average monthly 2019 payroll (same as PPP1)
 - 3.5X if you're a business with a NAICS Code beginning in 72



How to Determine Eligibility for PPP2

Eligible Businesses:

- In business on Feb 15, 2020
- < 300 Employees



KEY TERMS	CARES ACT (PPP Loan)	PPP FLEXIBILITY ACT (PPPFA)*	PPP FINAL IMPACT
Interest Rate	1%	1%	1%
Term	2 years	5 years	2-5 years
Deferral Period	6 months	10 months+	10 months+
Covered Period	8 weeks	24 weeks	8 or 24 weeks
Loan Forgiveness Limits:			
- Payroll Expenses	75% minimum	60% minimum	60% minimum
- Non-Payroll Expenses	25% maximum	40% maximum	40% maximum

Changes to PPP

- **Additional Eligible Expenses:**
 - **Operations Expenditures** – software, cloud computing, HR and accounting expenses
 - **Property Damage Costs** – repair expenses due to public disturbances not covered by your insurance
 - **Supplier Costs** – supplier costs essential to your business
 - **Worker Protection Expenditure** – cost incurred to protect workers from COVID-19
 - **Employer Provided Group Insurance** – can be included as payroll costs
- Can request an increase in PPP1 loan if SBA updated regulations would have allowed it (e.g. Owner's Draw)



Changes to PPP (cont'd)

- Seasonal Employer
 - Operates for no more than seven months in a year
 - Earned no more than 1/3 of its receipts in any six month period during prior calendar year
 - Can use highest 12 consecutive weeks of payroll between Feb 15, 2019 and Feb 15, 2020 to calculate loan size
- 501(c)(6) are now eligible – cannot have more than 15% of its revenue from lobbying efforts
- Loans available through March 31, 2021



Changes in PPP Forgiveness

- For loans under \$150k – forgiveness application is now a one-page certification that identifies:
 - Number of employees you were able to retain
 - Estimate of amount spent on payroll
 - Total loan amount
- Must attest to the use of funds for allowable expenses only
- SBA will issue this form within 24 days of enactment



Targeted EIDL Advances

- Emergency EIDL grants extended through Dec 31, 2021
- Targeted Advances to Eligible Entities:
 - Cannot have more than 300 employees
 - Must be located in a low-income community
 - Must have suffered an economic loss of greater than 30 percent:
 - During an 8-week period between March 2, 2020 and December 31, 2021
 - Relative to a comparable 8-week period preceding March 2, 2020 or 2019



Targeted EIDL Advances (cont'd)

- Total amounts available to Eligible Entities
 - If you didn't receive an earlier advance – you will be able to get \$10k
 - If you did receive an earlier advance – you will receive a grant equal to \$10k minus your earlier advance
- Other Changes in EIDL program:
 - The new Act - Repeals the EIDL Advance Deduction from forgiveness (those already forgiven will be 'made whole')
 - SBA – extended deadline for EIDL applications to December 31, 2021



SBA Guaranteed Loan Debt Relief

- Pays an additional 3 months of principal and interest (P&I) on existing 7(a), 504 and Microloans
 - Begins in February 2021 – capped at \$9000 per month
 - After 3 months – businesses with selected NAICS codes will receive an additional 5 months of P&I payments – capped at \$9000 per month
 - Designated NAICS Codes beginning in: **61, 71, 72, 213, 315, 448, 451, 481, 485, 511, 512, 515, 531, or 812**



SBA Loan Debt Relief (cont'd)

- Pays 6 months of P&I for any new SBA guaranteed loans approved before September 30, 2021
- Improvements have been made to the SBA 7(a) program
 - Increased SBA guarantee level to 90%
 - Reduced or eliminated some fees



Grants for Shuttered Venue Operators

- \$15B for SBA grants to:
 - Theatrical producers and talent representatives
 - Operators of:
 - Live venues
 - Live performing arts organizations
 - Museums
 - Independent motion picture theatres
 - Must demonstrate a 25% reduction in revenue
 - Can be up to \$10 million dollars
 - \$2B is set-aside for those with less than 50 employees



Timing of Grants to Venues

- In the initial 14 days of the program, grants will be exclusively made to those with 90% or greater revenue loss
- In the second 14 days, grants will be to those with 70% or greater revenue loss
 - The comparison period to determine these priorities is April 1 – December 31, 2020 versus April 1 – December 31, 2019
 - Grants are limited to 45% of 2019 gross earned revenue
- After these two rounds – all other qualifying entities will receive awards – the first two rounds are limited to \$12B
- Supplemental funding up to 50% may be available
- NOTE – if you receive a grant, you cannot participate in PPP2



Focus on Disadvantaged Businesses

- \$15B is set aside for CDFI/MDI Lenders
- Programs Targeted at Specific Business Segments
 - Child Care Providers
 - Transportation Providers
 - Rental Assistance
 - Agriculture

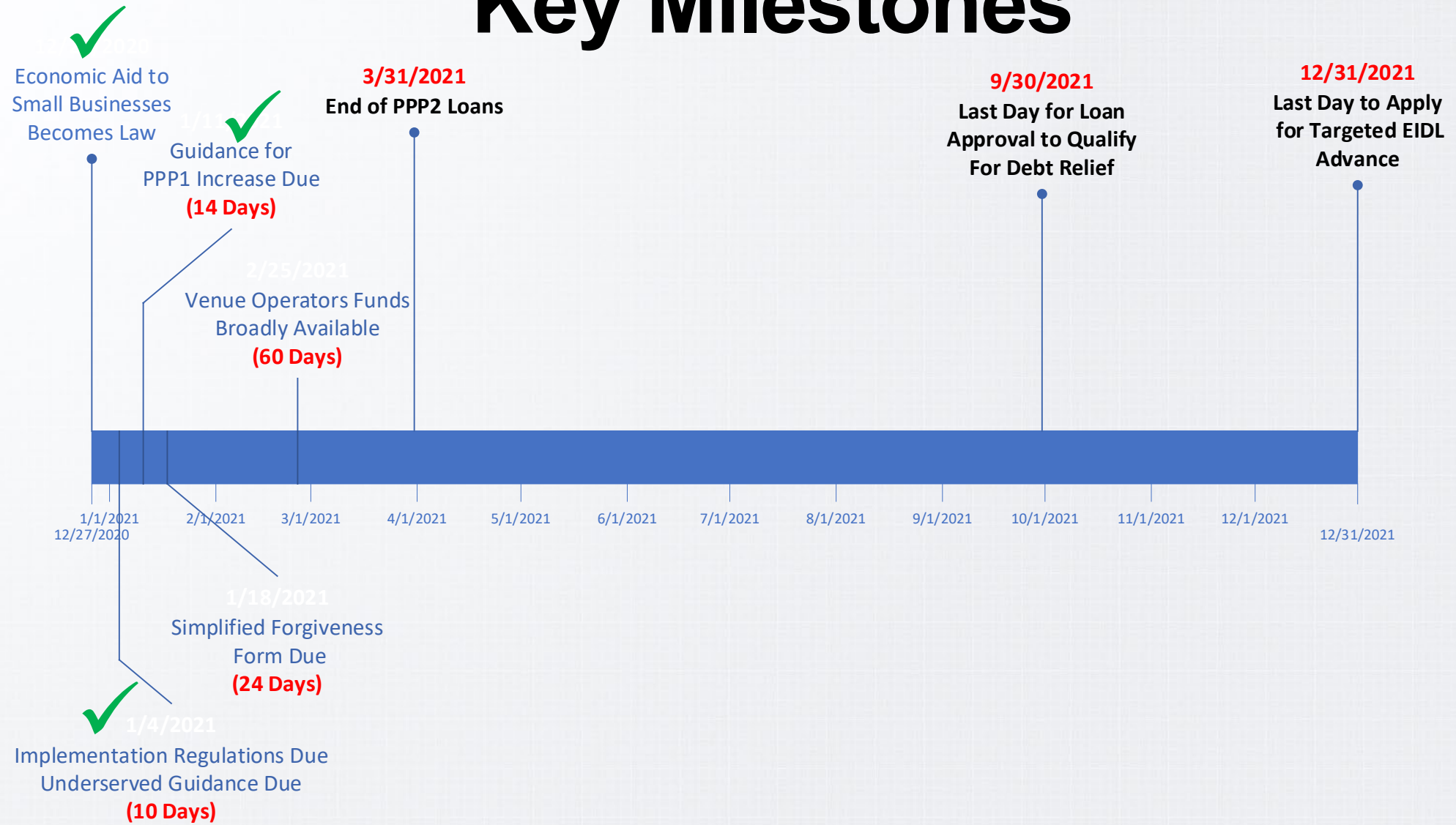


Tax Related Modifications

- Expenses paid by PPP funds can be claimed as business expenses
 - Resolves the IRS and Treasury guidance that this would constitute ‘double-dipping’ and they couldn’t be used as business expenses
 - States this change ‘shall be effective as if included in the CARES Act’
- Debt relief payment of P&I will not be treated as income
 - Reverses recent guidance that required lenders to issue 1099 forms to borrowers benefiting from this program
 - States this change ‘shall be effective as if included in the CARES Act’
- PPP recipients are now able to claim Employee Retention Tax Credits (ERTC) – check with your accountant



Key Milestones



Status of SBA Programs – 1/19/2021

- Currently offering:
 - First Draw PPP (PPP1)
 - Initial Application – Apply to Approved SBA Lender
 - Increase in Existing Loan – Apply to ‘Lender of Record’
 - Second Draw PPP (PPP2) – Apply to Approved SBA Lender
 - Economic Injury Disaster Loans (EIDL) – Apply to SBA
 - Express Bridge Loans – Apply to Approved SBA Lender
 - SBA Debt Relief (for existing borrowers) – Happens Automatically



Status of SBA Programs – 1/19/2021

- Preparing to offer:
 - Shuttered Venue Operator Grants (SVOG)
 - Targeted EIDL Advance (limited eligibility)
- For updated information:
 - Watch for SBA and Treasury guidance – our website is a good source of information - www.georgiasbdc.org
 - UGA SBDC will have additional webinars – watch this space! - <https://www.georgiasbdc.org/2nd-round-covid-funding-webinars/>





Questions?



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THANK YOU.

For up-to-date relief information, a list of our center locations & contact information,
please visit our website:

www.georgiasbdc.org

