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COVID-19 SBA Resources Update



Bill Simpson, Chapter Chair

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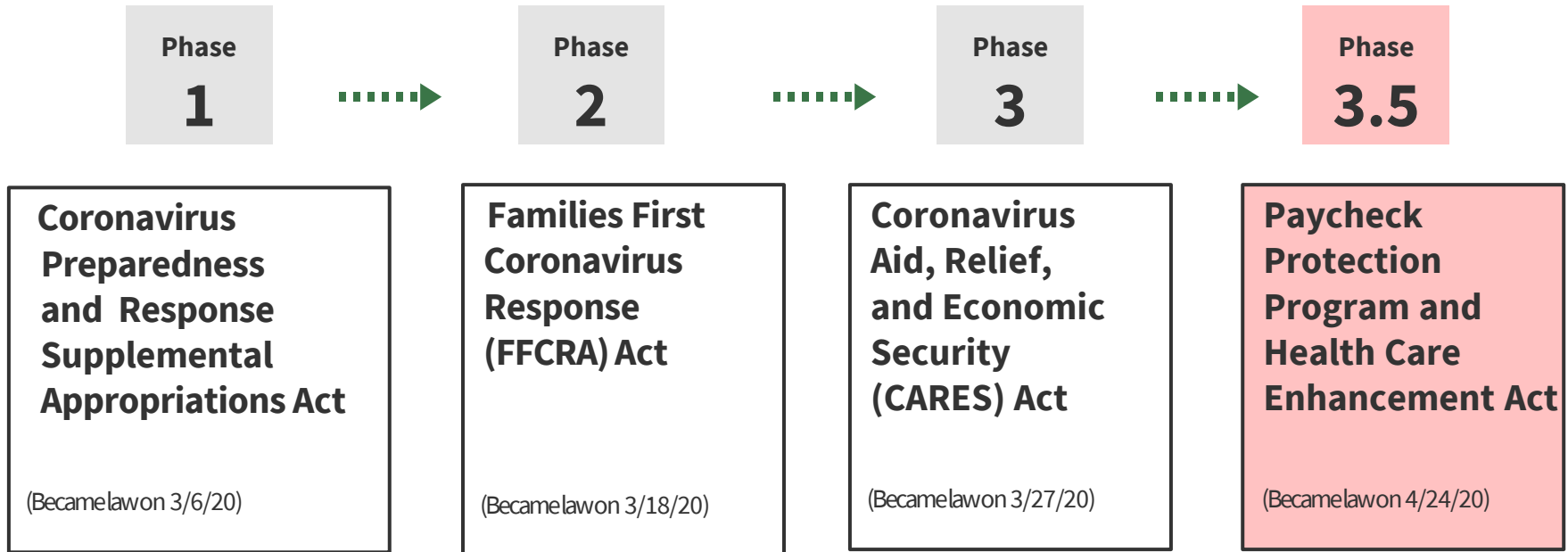
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* Disclaimer: Information is constantly being updated, please reach out if there are any questions for clarification

Economic Stimulus Timeline



Overview of SBA Programs

- 1. Paycheck Protection Program:** Designed to provide a direct incentive for small businesses to keep their workers on the payroll. SBA will forgive loans if all employees are kept on the payroll for eight weeks and the money is used for payroll, rent, mortgage interest, or utilities.
- 2. Economic Injury Disaster Loans and Advance Grants:** Provides working capital loans of up to \$2 million to help overcome the temporary loss of revenue. Advance grants of up to \$10K / \$1K per employee do not need to be repaid.
- 3. SBA Debt Relief:** The SBA will automatically pay the principal, interest, and fees of current 7(a), 504, and microloans for a period of six months. New loans issued prior to September 27, 2020 also.
- 4. SBA Express Bridge Loan:** Enables small businesses who currently have a business relationship with an SBA Express Lender to access up to \$25,000 quickly.
- 5. SBA and Resource Partner Assistance:** SCORE, MSBDC, CWE, VBOC, MASS Export Center, PTAC

Paycheck Protection Program



PPP Status Updates

PPP Lending Operations Update – Sunday, April 26, 2020

Due to the unprecedented demand for Paycheck Protection Program loans by the nation's small businesses and to ensure equitable access and system integrity, SBA and Treasury are taking prudent and reasonable steps to protect SBA's loan systems for the next phase of PPP loan processing.

SBA and Treasury are implementing the following measures:

- Pacing the number of loans processed in the E-Tran system for participating lenders when processing resumes on Monday, April 27, 2020 at 10:30 am EDT;
- Instituting a maximum dollar amount at 10% of PPP funding authority that any lending institution will be able to originate, exclusive of the additional \$60 billion preserved for lenders with assets under \$50 billion (i.e. \$60 billion cap);

PPP Status Updates

PPP Lending Operations Update – Sunday, April 26, 2020

- Implementing operational standards to ensure that lenders access PPP funds based on their asset size;
- Ensuring the Paycheck Protection Program continues to operate on a first-come, first-serve basis so that every small business has access to PPP loans to sustain their business and retain their employees; and
- Guidance issued for lenders who have received a significant amount of loan applications.
- SBA and Treasury value all lenders and their small business customers and will continue to provide updates to the PPP lending community as loan processing resumes this week.

*-Bill Briggs, Deputy Associate Administrator, Office of Capital Access
U.S. Small Business Administration*

PPP Status Updates

Joint Statement by Administrator Jovita Carranza Secretary and Steven T. Mnuchin on Establishing Dedicated Hours for Small Lender Submissions of PPP Applications

“In order to ensure special access to the PPP loan program for the smallest lenders and their small business customers, the SBA is only accepting loans from lending institutions with asset sizes less than \$1 billion from 4:00 p.m. EDT until 11:59 p.m. EDT on April 29, 2020. SBA is working to ensure that all eligible small businesses have access to this funding to sustain their businesses and keep their employees on payroll.

“All lending institutions, regardless of size, will still be able to submit PPP loans outside of this timeframe. This reserved processing time currently only applies to April 29, 2020. In addition to ensuring access for the smallest lenders, we expect that providing this reserved processing time today will enhance the SBA’s loan system performance all users who submit loans outside of this time frame.”

PPP Status Updates

As of 4/29:

Total approved loans for PPP2 - Over 960,000

Total amount approved for PPP2 - almost \$90 billion dollars

Over 5300 lenders participating.

Small Banks - Under \$10 billion in Assets lead the way in LOANS and DOLLARS:

Over 587,000 loans which is about 61% of the loan volume.

Over \$43 billion for small businesses.

And remember - from now until 11:59 PM Eastern time only banks with \$1 Billion or less in Assets are allowed into the portal. (kind of like the old K-Mart midnight specials)

Medium Banks: (between 10 and 50 billion in assets)

Over 206,000 loans for over \$20 billion dollars.

Large Banks: (over \$50 billion in assets - this includes the mattress in my house)

Over 167,000 loans for over 25 billion dollars.

PPP Status Updates

As of 5/1:

- 2.2M [#PPPlans](#) for \$175B via 5400 lenders
- 4453 lenders have less than \$1B in assets
(includes non-banks such as CDFI, FinTechs & CDC's etc.)
- Avg loan amount dropped from \$206K to \$79K Round 1 vs 2
- =70% LESS THAN \$50K
- =84% LESS THAN \$100K

Paycheck Protection Program

- Small employers with 500 employees or fewer, and those that meet federal size standards
- Self-employed individuals and “gig economy” individuals; and
- Certain nonprofits, including 501(c)(3) organizations and 501(c)(19) veteran organizations, and tribal business concerns with under 500 employees.
- 100% full forgiveness of entire loan if at least 75% is used toward payroll, and 25% is used towards other non-payroll costs including: interest on mortgages, rent, and utilities.
- The size of the loans equal 250% of an employer’s average 12-month payroll, up to a maximum loan amount of \$10 million.
- 24-month term loan, 1% fixed interest rate
- 6-month payment deferment, but interest accrues during this period
- No collateral required for all amounts
- No personal guarantees

Finding a PPP Lender

PPP is available through SBA-certified lenders, including banks, credit unions, and other financial institutions. Here are the ways for you to find a lender:

1. [PPP Participating Lender Finder](#)
2. [PPP Participating Lenders by State List](#)
3. [PPP Participating Lenders List \(4/13/20\)](#)
4. Approved Fintech Lenders, including but not limited to:
PayPal, Intuit Quickbooks Capital, Square, Kabbage,
Funding Circle, Bluevine, Ondeck, Credibly, Ready Capital
5. Fintechs Working with Partner Banks: Lendio, Divvy,
Fundera, Womply, Nav

Paycheck Protection Program

You have the PPP loan or you're close to getting it, now what?

Paycheck Protection Program

<https://home.treasury.gov/cares>



U.S. DEPARTMENT OF THE TREASURY

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An official website of the United States Government

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For small businesses seeking direct relief from COVID-19, [CLICK HERE](#) to learn more about Paycheck Protection Loans.



Assistance for
American Workers
and Families



Assistance for
Small Businesses



Assistance to
State and Local
Governments



Preserving Jobs

The CARES Act Provides Assistance to Small Businesses

The Paycheck Protection Program is providing small businesses with the resources they need to maintain their payroll, hire back employees who may have been laid off, and cover applicable overhead.

SMALL BUSINESS PAYCHECK PROTECTION PROGRAM

The Paycheck Protection Program established by the CARES Act, is implemented by the [Small Business Administration](#) with support from the Department of the Treasury. This program provides small businesses with funds to pay up to 8 weeks of payroll costs including benefits. Funds can also be used to pay interest on mortgages, rent, and utilities.

[BEWARE COVID-19 SCAMS](#)

[RECENT REMARKS AND STATEMENTS](#)

[PERSONAL FINANCE RESOURCES](#)

Paycheck Protection Program

<https://home.treasury.gov/cares>

ABOUT TREASURY

SECRETARY MNUCHIN

POLICY ISSUES


DATA

SERVICES





NEWS

For small businesses seeking direct relief from COVID-19, CLICK HERE to learn more about Paycheck Protection Loans.

For Borrowers

- [More information \(3/31/2020\)](#) 
- [Search Tool: Find an Eligible Lender](#)
- [Borrower Application Form \(4/2/20\)](#) 
- [Applicable Affiliation Rules](#) 
- [How to Calculate Loan Amounts](#) 

For Lenders

- [More information \(3/31/2020\)](#) 
- [Lender Application Form \(4/2/2020\)](#) 
- [Lender Application Form for Federally Insured Depository Institutions, Federally Insured Credit Unions, and Farm Credit System Institutions \(4/3/2020\)](#) 
- [Lender Application Form for Non-Bank and Non-Insured Depository Institution Lenders \(4/8/2020\)](#) 

Program Rules

- [Frequently Asked Questions \(4/26/2020\)](#) 
- [Interim Final Rule 1 \(4/2/2020\)](#) 
- [Interim Final Rule on Applicable Affiliation Rules \(4/3/2020\)](#) 
- [Interim Final Rule on Additional Eligibility Criteria and Requirements for Certain Pledges of Loans \(4/14/2020\)](#) 

Paycheck Protection Program

Maximum Loan Forgiveness Amount

The 8-week forgiveness period starts the day you receive the loan (or first disbursement of the loan).

Eligible forgivable expenses include:

- Payroll costs
(e.g., salary, wages, commissions, cash tips) up to annualized compensation of \$100,000; paid leave, payment for group health benefits, including insurance premiums; retirements benefits; and state and local payroll taxes.)
- Interest on mortgage obligations incurred before February 15, 2020;
- Rent obligations in place before February 15, 2020; and
- Utility payments for services that began before February 15, 2020
(electricity, gas, water, transportation, telephone and Internet access)

HOWEVER,

- Not more than 25% of the loan forgiveness amount may be used for non-payroll costs; and
- Must spend the funds you want forgiven within the 8-week period.

Paycheck Protection Program

Calculating Forgiveness Amount

Maintain Headcount. If a business's average full-time equivalent employees during each month of the eight-week period is less than the average during either the period from:

February 15, 2019, to June 30, 2019, or
January 1, 2020, to February 29, 2020
(at the business's choice),

the forgiven amount is reduced by the percentage reduction in headcount.

EXAMPLE: if headcount is reduced by 10%, the forgiven loan amount is also reduced by 10%.

Paycheck Protection Program

Calculating Forgiveness Amount

Maintain Salary/Wages. The amount forgiven is reduced by the amount of any reduction in salary/wages during the eight-week period that exceeds 25% of the employee's salary/wages for the most recent full quarter.

Rehiring Exemption. Importantly, the headcount and salary reductions discussed above will not apply if the business remedies the reduction on or before June 30, 2020. This is designed to incentivize businesses to rehire laid off and furloughed employees.

Borrowers have until June 30, 2020 to restore FTEE headcount and salary levels for reductions made between February 15, 2020 and April 26, 2020.

Paycheck Protection Program

Calculating Forgiveness Amount

Maximum forgiveness amounts will be reduced:

- FTEEs Not Maintained - Proportionately for reduction in average full-time equivalent employees (FTEEs) between pre-crisis levels and the 8-week forgiveness period; Employees may not want to go back to work. Employers are competing against supplemental unemployment benefits of additional \$600/week until July 31, 2020.
- Salary Level Not Maintained - Reduction Over 25% - A straight reduction for payroll reductions over 25% (compared to the prior completed quarter of employment) for workers making less than \$100,000 annually; and
- Proceeds Spent Outside 8-Week Qualifying Window
- 75% Not Spent on Payroll
- EIDL Emergency Grant Taken (up to \$10,000) will be subtracted from forgiveness amount

Economic Injury Disaster Loan



[FAQs](#) [Help](#) [Contact Us](#) [COVID-19 Delivery Options](#) 

[Loan Information](#) [Search Declarations](#) [Apply Online](#)

Disaster Loan Assistance

Federal Disaster Loans for Businesses, Private Nonprofits, Homeowners, and Renters





Economic Injury Disaster Loan

- Maximum loan amount up to \$2 million
- Interest rate of 3.75% for profit businesses
- 2.75% for eligible private non-profits entities
- Extended Loan Maturity of 30 years
- First payment deferred for 12 months
- No cost to apply & No obligation to take the loan
- No collateral for loans under \$25K
- No personal guarantees for loans under \$200K
- No real estate collateral for loans under \$500K, SBA looking for best available lien priority on all business assets

Economic Injury Disaster Loan

www.SBA.gov/Disaster

 Coronavirus (COVID-19): Small Business Loan Information. [LEARN MORE](#) 

 U.S. Small Business Administration

MENU 

Coronavirus (COVID-19): Small Business Guidance & Loan Resources

 [LEARN MORE](#)



EIDL Application Portal

www.SBA.gov/Disaster

Disaster Loan Assistance

Federal Disaster Loans for Businesses, Private Non-profits, Homeowners and Renters

COVID-19 ECONOMIC INJURY DISASTER LOAN APPLICATION



DISCLOSURES



BUSINESS INFORMATION



BUSINESS OWNERS INFORMATION



ADDITIONAL INFORMATION



SUMMARY

STREAMLINED PROCESS REQUIREMENTS

SBA is collecting the requested information in order to make a loan under SBA's Economic Injury Disaster Loan Program to the qualified entities listed in this application that are impacted by the Coronavirus (COVID-19). The information will be used in determining whether the applicant is eligible for an economic injury loan. If you do not submit all the information requested, your loan cannot be fully processed.

The Applicant understands that the SBA is relying upon the self-certifications contained in this application to verify that the Applicant is an eligible entity to receive the advance, and that the Applicant is providing this self-certification under penalty of perjury pursuant to 28 U.S.C. 1746 for verification purposes.

The estimated time for completing this entire application is two hours and ten minutes, although you may not need to complete all parts. You are not required to respond to this collection of information unless it displays a currently valid OMB approval number.

ELIGIBLE ENTITY VERIFICATION

Advance Disaster Grant up to \$10K

www.SBA.gov/Disaster

The CARES Act provided an emergency advance of **up to \$10,000 (\$1K per employee)** to small businesses and private non-profits harmed by COVID-19.

To access the advance, you first apply for an EIDL and then request the advance. **The advance does not need to be repaid** and may be used to keep employees on payroll, to pay for sick leave, meet increased production costs due to supply chain disruptions, or pay business obligations, including debts, rent, and mortgage payments.

Note: Overwhelming interest in the program has slowed the disbursement process.

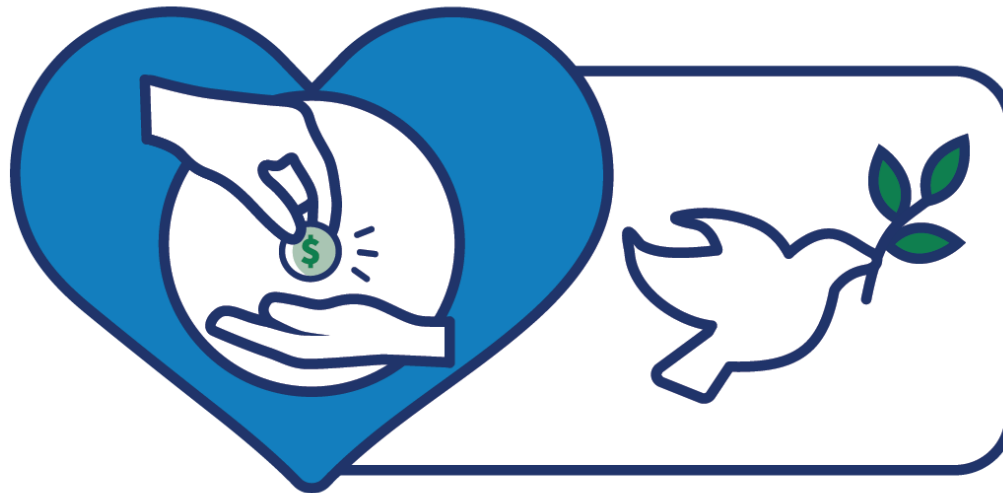
EIDL Filing Documents Checklist

1. Electronic Loan Application (SBA Form 5)
2. Electronic Loan Application (SBA Form 5C) – Sole Proprietorship Only
3. Tax Authorization (IRS Form 4506-T) 20% Owners/GP/50% Affiliate
4. Most recent 3 Years of Business Tax Return(s)
5. Personal Financial Statement (SBA Form 413) 20% Owners/GP
6. Schedule of Liabilities (SBA Form 2202)
7. Other information that may be requested:
 - a) Complete copy, including all schedules, of the most recent Federal income tax return for principals, general partners or managing member, and affiliates (see filing requirements for more information).
 - b) If the most recent Federal income tax return has not been filed, a year-end profit-and-loss statement and balance sheet for that tax year
 - c) A current year-to-date profit-and-loss statement
 - d) Additional Filing Requirements (SBA Form 1368) providing monthly sales figures.

Checking on EIDL Status

- For your application status, you can reach out to SBA's Disaster Customer Service Center at **(800) 659-2955**.
- After you get to a first level agent, ask for a “TIER 2” representative to look up status in the system.

SBA Debt Relief



Small Business Debt Relief

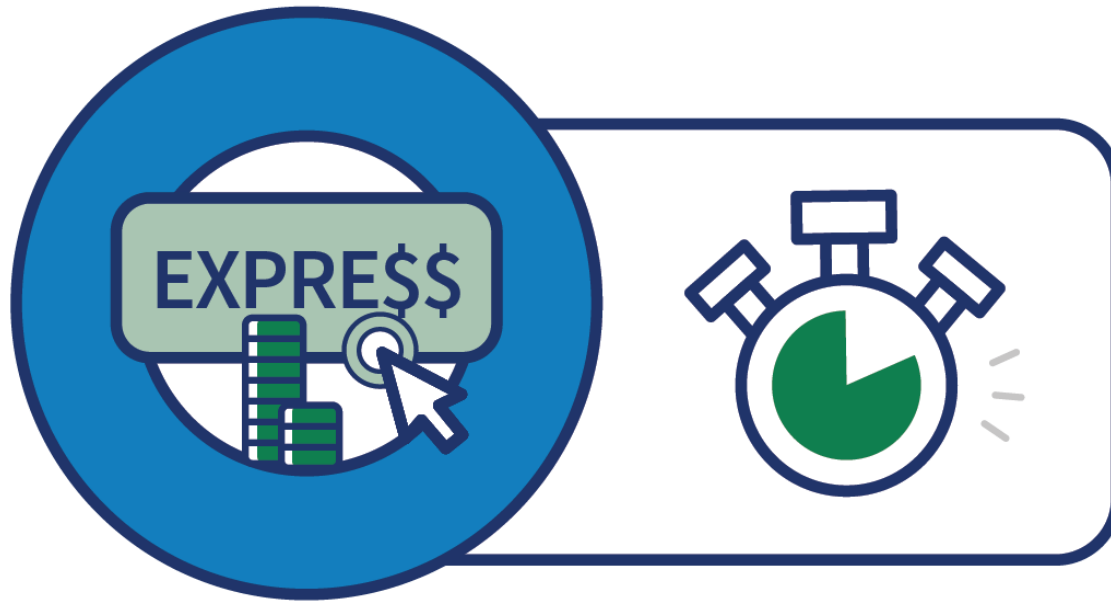
SBA will **pay 6 months** of principal, interest, and any associated fees that borrowers owe for all current 7(a), 504, and Microloans in regular servicing status as well as new 7(a), 504, and Microloans disbursed prior to September 27, 2020. This relief is not available for Paycheck Protection Program loans or Economic Injury Disaster loans. Borrowers do not need to apply for this assistance. It will be automatically provided as follows:

- For loans not on deferment, SBA will begin making payments with the next payment due on the loan and will make six monthly payments.
- For loans currently on deferment, SBA will begin making payments with the next payment due after the deferment period has ended, and will make six monthly payments.
- For loans made after March 27, 2020 and fully disbursed prior to September 27, 2020, SBA will begin making payments with the first payment due on the loan and will make six monthly payments.

Small Business Debt Relief

- SBA has notified 7(a), 504 and Microloan Lenders that it will pay these borrower loan payments.
- Lenders have been instructed to refrain from collecting loan payments from borrowers. If a borrower's payment was collected after March 27, 2020, lenders were instructed to inform the borrower that they have the option of having the loan payment returned by the lender or applying the loan payment to further reduce the loan balance after SBA's payment.
- Borrowers should contact their lender if they have any questions regarding this payment relief.

SBA Express Bridge Loan



SBA Express Bridge Loan

[Express Bridge Loan Pilot Program](#) allows small businesses who currently have a business relationship with an SBA Express Lender to access up to \$25,000 quickly.

These loans can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing and can be a term loans or used to bridge the gap while applying for a direct [SBA Economic Injury Disaster loan](#).

If a small business has an urgent need for cash while waiting for decision and disbursement on an Economic Injury Disaster Loan, they may qualify for an SBA Express Disaster Bridge Loan.

Terms

- Up to \$25,000
- Fast turnaround
- Will be repaid in full or in part by proceeds from the EIDL loan

FOR A LENDER LIST GO TO: WWW.SBA.GOV/MA

[Lender List \(as of 2020\)](#)

SBA Resource Partners



Boston SCORE

www.boston.score.org



Massachusetts Small Business Development Center

www.msbdc.org/rfc



Center for Women & Enterprise
Your Vision. Our Mission.

Center for Women & Enterprise

www.cweonline.org

U.S. SMALL BUSINESS ADMINISTRATION

VBOC

VETERANS BUSINESS OUTREACH CENTERS

Veterans Business Outreach Center

www.cweonline.org/vboc



Mass Export Center

www.msbdc.org/export



Mass Procurement Technical Assistance Center

www.msbdc.org/ptac

Beware of Scams

- Look out for phishing attacks/scams utilizing the SBA logo. These may be attempts to obtain your personally identifiable information (PII) to obtain personal banking access, or to install ransomware/malware on your computer
- If you are in the process of applying for an SBA loan and receive email correspondence asking for PII, ensure that the referenced application number is consistent with the actual application number.
- The SBA limits the fees a broker can charge a borrower to 3% for loans \$50,000 or less and 2% for loans \$50,000 to \$1,000,000 with an additional .25% on amounts over \$1,000,000. Any attempt to charge more than these fees is inappropriate.
- Any email communication from the SBA will come from accounts ending with **gov**.
- The presence of an SBA logo on a webpage **does not** guaranty the information is accurate or endorsed by the SBA. Please cross-reference any information you receive with information available at sba.gov.
- If you have questions about other SBA lending products, call the SBA's Answer Desk at 800-827-5722 or send an email to answerdesk@sba.gov.
- Report any suspected fraud to OIG's Hotline at 800-767-0385 or online

SBA Disaster Response Jobs

The SBA is hiring temporary employees to assist with disaster relief efforts. Bilingual language skills a plus.

- [Call Center Customer Service Representative \(CSR\)](#)
- [Document Preparation/Legal Review/ Loan Closings](#)
- [Loan Processing/Credit Analysis/Mortgage Underwriting](#)
- [Program Support](#)

Summary

- THIS IS A VERY FLUID SITUATION. THINGS ARE CHANGING DAILY.
- NO GUARANTEES DUE TO HIGH DEMAND.
- WE ARE STILL WAITING ON GUIDANCE ON SEVERAL TOPICS SUCH AS FORGIVENESS.
- THIS IS NOT LEGAL ADVICE, PLEASE SEE A CPA OR ACCOUNTANT.



U.S. Small Business
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