



Webinar Links – New Federal PPP/EIDL and Stimulus

Resources / Information

Replay Link for this Webinar <https://vimeo.com/500550368>

City of Raleigh <https://raleighnc.gov/SupportPages/economic-business-and-employment-covid-19-resources>

Sponsor / Presenter Links

Celito – *Sharat Nagaraj, Shana Overdorf*

<https://celito.net/>

US Small Business Administration (SBA) – *Patrick Rodriguez*

<https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources>

NC Small Business and Technology Development Center (SBTDC) – *Alex Viva*

<https://sbtdc.org/offices/ncsu/>

Thomas Judy & Tucker, PA – *Chris Judy*

<https://www.tjtpa.com/>

Overview of the Economic Aid Act



U.S. Small Business
Administration

North Carolina District Office
[sba.gov/NC](https://www.sba.gov/NC)

Overview of the Economic Aid Act

As part of the pandemic relief package, Congress has passed the following changes:

- Updates the Paycheck Protection Program (PPP)
- Modified eligibility for initial PPP loans
- Created a “Second Draw” PPP for small businesses who have exhausted their initial PPP loan.
- Streamlined loan forgiveness process
- Clarified tax treatment of PPP loans.
- Continues Economic Injury Disaster Loan (EIDL) Program (Grant)
- Extends the Employee Retention Tax Credit,
- Adds the Shuttered Venue Grant program
- Continues SBA Loan Debt Forgiveness



Paycheck Protection Program Loan – Opening

Patience

- The initial re-opening of the **Paycheck Protection Program** will increase access for minority, underserved, veteran and women-owned small businesses.
 - On **Monday, Jan. 11, at 9 a.m. EST**, the SBA opened its loan systems to accept **First Draw PPP** loan applications from Community Financial Institutions and their respective borrowers.
 - On **Wednesday, Jan. 13**, the SBA is opening its loan systems to also accept **Second Draw PPP** loan applications from **Community Financial Institutions (CFIs)**.
 - These lenders made up approximately 10% of all PPP participating lenders in 2020 and at least \$15 billion is set aside for additional PPP lending by CFIs.
 - Shortly thereafter, all other lending institutions will be notified when they are able to submit PPP loan applications to SBA.
- The SBA is continuing to support efforts to benefit the smallest businesses and underserved communities. SBA is also addressing potential barriers and calling on its lending partners to redouble their efforts to assist eligible borrowers in these communities.

LENDER MATCH – SBA CLOSED ECOSYSTEM TO FIND PPP LENDERS

Lender Match helps you find lenders

Lender Match is a free online tool that connects small businesses with SBA-approved CDFIs and small lenders. Do not use if looking for Disaster loans.

FIND LENDERS



What is a CFI?

Community Financial Institutions include the following organizations:

- *Community Development Financial Institutions*
- *Minority Depository Institutions*
- *Certified Development Companies, and*
- *Microloan Intermediaries*

PPP Top Line Overview

- Businesses, non-profits or organizations not in operation on or before Feb. 15, 2020, are not eligible for any PPP loan (first draw or second draw).
- PPP loans will cover additional expenses, including operations expenditures, certain property damage costs, supplier costs and worker protection expenditures, such as additions of drive-thru areas, ventilation, sneeze guards, etc.
- The PPP provides greater flexibility for seasonal employers.
- An EIDL Advance no longer is deducted from the PPP loan forgiveness amount.
- Small business expenses paid with forgivable PPP loans are now tax deductible. More info [here](#)
- Deadline is through March 31, 2021 (or until funding runs out).
 - PPP borrowers can set their PPP loan's covered period to be any length between 8 and 24 weeks to best meet their business needs.
- Payroll is now determined via the average monthly payroll in 2019 or 2020 (or, for many applicants, the average monthly payroll over the one-year prior to the loan being made).
 - Accommodation and Food Services entities (NAICS code 72) may receive a Second Draw PPP Loan of up to 3.5X average monthly payroll costs vs. the set 2.5X average monthly payroll costs for all other eligible entities.

First Draw PPP Loans

First Draw PPP Loans can be used to help fund payroll costs, including benefits. Funds can also be used to pay for mortgage interest, rent, utilities, worker protection costs related to COVID-19, uninsured property damage costs caused by looting or vandalism during 2020, and certain supplier costs and expenses for operations.

Eligibility:

- Eligible entities include: business entities, sole proprietors, independent contractors, and self-employed individuals, 501(c)3s, 501(c)9s, tribal business, 501(c)6s, housing cooperatives, destination marketing organization, and news organizations.
- General eligibility is for entities with **500 employees** or fewer. Certain industries that meet SBA's alternative size standard or SBA's size standards for those particular industries may be eligible to apply.

Second Draw PPP Loans

The Paycheck Protection Program (PPP) now allows certain eligible borrowers that previously received a PPP loan to apply for a Second Draw PPP Loan with the same general loan terms as their First Draw PPP Loan.

Second Draw PPP Loans can be used to help fund payroll costs, including benefits. Funds can also be used to pay for mortgage interest, rent, utilities, worker protection costs related to COVID-19, uninsured property damage costs caused by looting or vandalism during 2020, and certain supplier costs and expenses for operations.

Targeted Eligibility - A borrower is generally eligible for a Second Draw PPP Loan if the borrower:

- Previously received a First Draw PPP Loan and will or has used the full loan amount only for authorized uses before the Second Draw PPP Loan is disbursed;
- Has no more than **300 employees**; and
- Can demonstrate at least a **25% reduction in gross receipts** between comparable quarters in 2019 and 2020.

Second Draw PPP Loans Eligibility Requirements

An applicant is eligible for a Second Draw PPP Loan if it is a business concern, independent contractor, eligible self-employed individual, sole proprietor, nonprofit organization eligible for a First Draw PPP Loan, veterans' organization, Tribal business concern, housing cooperative, small agricultural cooperative, eligible 501(c)(6) organization or destination marketing organization, eligible nonprofit news organization that: previously received a First Draw PPP loan in accordance with the eligibility criteria in the Consolidated First Draw PPP IFR; (ii) has used, or will use, the full amount of its First Draw PPP Loan

PPP Loan Amounts

PPP borrowers may receive a loan amount of up to **2.5 times** their average monthly payroll costs in the year prior to the loan or the calendar year, the same as with original PPP, but the maximum loan amount has been reduced from **\$10 million in the first round to the \$2 million maximum.**

PPP borrowers with NAICS codes starting with 72 (hotels and restaurants) can get up to **3.5 times their average monthly payroll costs**, subject to a \$2 million maximum.

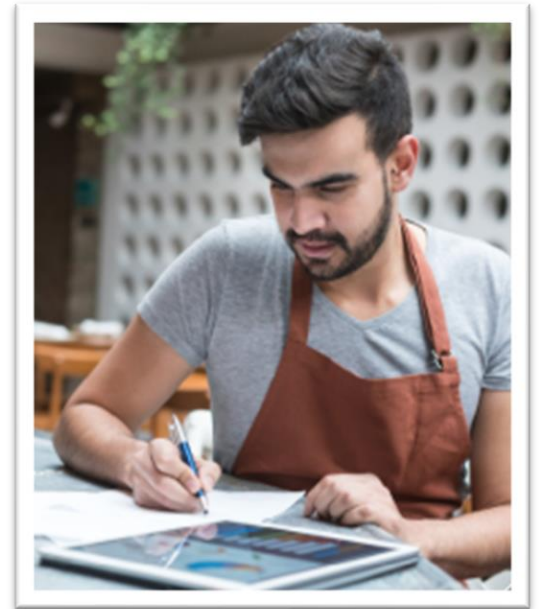
Paycheck Protection Program Loan Uses

At least 60% to be spent on payroll - less than 60% spent on payroll will reduce the forgiveness amount. 100% can be spent on payroll.

As with the original Paycheck Protection Program (PPP), the costs eligible for loan forgiveness in Reopening of PPP include payroll, rent, covered mortgage interest, and utilities.

PPP loans will cover additional expenses, including operations expenditures, property damage costs, supplier costs, and worker protection expenditures

If You Have an EIDL Advance



Repeal of EIDL Advance Deduction Requirement
for SBA Loan Forgiveness Remittances to PPP
Lender

See Notice **SBA Procedural Notice 5000-20075**

Additional Economic Aid Info

- Details about the additional economic aid the SBA is administering to small businesses and other organizations impacted by the COVID-19 pandemic will be made available as soon as they are determined.
 - Debt relief for SBA-guaranteed loans is being extended.
 - The agency continues to support COVID-19 Economic Injury Disaster Loans, which are open through Dec. 31, 2021.
 - Along with the Economic Injury Disaster Loan program, SBA's Office of Disaster Assistance will be administering the Targeted EIDL Advance and Shuttered Venue Operators Grant programs.



Webinar:

Shuttered Venue Operators Grant



U.S. Small Business
Administration

Do you own a live venue, performing arts organization, movie house or cultural institution? You might be eligible for the **Shuttered Venue Operators Grant** program.

Join the SBA this **Thursday, January 12th at 3 PM ET** to learn how to apply.

The **Shuttered Venue Operators Grant** program was included in the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act. Eligible organizations with a reduction in revenue due to the COVID-19 pandemic will have the opportunity to receive up to a \$10 million grant under the program. In total, the Economic Aid Act allocates \$15 billion for the Shuttered Venue Operators Grants. This webinar will provide introductory information about the grants, who can apply, how potential organizations can prepare, and other details about eligibility and applications. This will be recorded.

Register here: <http://ow.ly/kl2250D5W03>

Information Current as of 1/13/21 Visit www.sba.gov/ppp for the most up-to-date information.



Additional Resources

For detailed guidance on policies and procedures related to the PPP loan program and forgiveness, please reference the following documents:

[SBA Form 2483 – First Draw Borrower Application](#)
[Top-Line Overview of First Draw PPP Loans](#)

New PPP Second Draw Borrower and Lender Forms

[SBA Form 2483-SD Second Draw Borrower Application](#)
[Top-Line Overview of Second Draw PPP Loans](#)

New PPP Guidance and Resources

[Accessing Capital for Minority Underserved, Veteran and Women-Owned Business Concerns Guidance](#)
[Interim Final Rule #1 – PPP as Amended by Economic Aid Act](#)
[Interim Final Rule #2 – PPP Second Draw Loans Procedural](#)
[Procedural Notice - SBA Procedural Notice on Repeal of EIDL](#)
[Advance Deduction Requirement](#)



SBA PPP Website

<https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program>

Treasury PPP Website

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



Thank You



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sbtcdc

The SBTDC is a business and technology extension program of the UNC System and is funded in part through a Cooperative Agreement with the U.S. Small Business Administration.



sbtcdc.org | info@sbtcdc.org

Updated:
January 11, 2021

NCSU Team

- Alex Viva – Regional Center Director
- Katrece Boyd – General Business Counselor
- Katie Champagne – General Business Counselor
- Ginny Vaca – International Business Development
- Mike Carnes – Technology Commercialization
- Joel Guge – PTAC Advisor
- Adriana Lanzas – Business Counselor
- Jacqui Roth – Business Resiliency Counselor
- Gene Holland – Business Resiliency Counselor
- Kevin Wright – Business Resiliency Counselor

Core SBTDC Services

- In-depth, confidential, one-on-one business counseling focused on business foundations (money, markets and management)
- Workshops, seminars and short-term management education programs
- Web-based resources and publications
- Applied research and advocacy, policy and program development

Business Counseling

- Addressing such issues as:
 - Strategic positioning / performance
 - Access to debt & equity capital
 - Market growth / development
 - Human resource management
 - Operations
 - Business planning
- Providing expert referrals

Specialized SBTDC Programs & Services

- Technology Development & Commercialization
- Government Procurement ptac
- International Business Development
- Access to Capital including Equity
- Marketing & Research Services
- Strategy, Growth & Sustainability
- Business Launch
- Publications and Web Resources
- Business Disaster Recovery

Business Disaster Recovery

The SBTDC is the designated lead responder to facilitate business recovery following disasters

- Serves on NC Emergency Management's Disaster Recovery Advisory Team
- Establishes systematic response to business disaster losses
- Facilitates access to federal and state disaster loan programs and other recovery related resources
- Develops specialized website for SMEs www.sbt dc.org

Expanded Forgiveness

- Covered period starts on date of loan disbursement
 - Ends on any date chosen by borrower between 8 and 24 weeks
 - At least 60% must be payroll costs / 40% other qualified expenses
 - Forgiveness not taxable, Expenses deductible
- Other qualified expenses
 - The usual – utilities, interest, rent, etc.
 - Expanded covered operation expenses
 - Business software or cloud computing
 - Expanded to cover supplier cost
 - Goods that are essential to the operations of the business
 - Contract existing before covered period
 - Including perishable goods (restaurant food and beverage)
 - Contract before or during covered period

Expanded Forgiveness

- Covered worker protection expenditures
 - Personal protective equipment
 - Maintain standard for sanitation
 - Sneeze guards

- Capital Expenditures
 - To comply with guidance issued by HHS, CDC, OSHA
 - Drive-through window
 - Ventilation or filtration system
 - Expansion of indoor or outdoor seating

Employee Retention Credit

- Retroactive to date of Cares Act
 - Can be claimed on wages from March 12, 2020 – June 30, 2021
 - Can't use the same wages as used for PPP forgiveness
- Eligibility
 - 2020 – gross sales decrease more than 50% / quarter compared to 2019
 - 2021 – gross sales decrease more than 20% / quarter compared to 2019
 - 2020 – Maximum FTE = 100
 - 2021 – Maximum FTE = 500
- Amount of Credit
 - 50% of wages up to \$10K / employee / year for 2020
 - Max \$5K / employee for 2020
 - Increased to 70% up to \$10K / employee / Qtr.
 - Max \$14K / employee for 2021



Paycheck Protection Program
PPP Loan Forgiveness Application Form 3508S

OMB Control No. 3245-0407
Expiration date: 12/31/2023

A BORROWER MAY USE THIS FORM ONLY IF THE BORROWER RECEIVED A PPP LOAN OF \$50,000 OR LESS.
A Borrower that, together with its affiliates, received PPP loans totaling \$2 million or greater cannot use this form.

Business Legal Name ("Borrower")	DBA or Tradename, if applicable	
ABC Company, Inc.		
Business Address	Business TIN (EIN, SSN)	Business Phone
123 Main St.	56-1234567	(919) 571 - 7055
Raleigh, NC 27609	Primary Contact	E-mail Address
	Thomas Tucker	thomas.tucker@tjtpa.com

SBA PPP Loan Number: 54404560-09

Lender PPP Loan Number: 22-5440456009

PPP Loan Amount: 150,000

PPP Loan Disbursement Date: 05/01/2020

Employees at Time of Loan Application: 15

Employees at Time of Forgiveness Application: 14

EIDL Advance Amount: 0

EIDL Application Number: n/a

Forgiveness Amount: 150,000

By Signing Below, You Make the Following Representations and Certifications on Behalf of the Borrower:

The Authorized Representative of the Borrower certifies to all of the below by initialing next to each one.

- TT The dollar amount for which forgiveness is requested does not exceed the principal amount of the PPP loan and:
- was used to pay costs that are eligible for forgiveness (payroll costs to retain employees; business mortgage interest payments; business rent or lease payments; or business utility payments);
 - includes payroll costs equal to at least 60% of the forgiveness amount;
 - if a 24-week Covered Period applies, does not exceed 2.5 months' worth of 2019 compensation for any owner-employee or self-employed individual/general partner, capped at \$20,833 per individual; and
 - if the Borrower has elected an 8-week Covered Period, does not exceed 8 weeks' worth of 2019 compensation for any owner-employee or self-employed individual/general partner, capped at \$15,385 per individual.
- TT I understand that if the funds were knowingly used for unauthorized purposes, the federal government may pursue recovery of loan amounts and/or civil or criminal fraud charges.
- TT The Borrower has accurately verified the payments for the eligible payroll and nonpayroll costs for which the Borrower is requesting forgiveness, and has accurately calculated the forgiveness amount requested.
- TT I have submitted to the Lender the required documentation verifying payroll costs, the existence of obligations and service (as applicable) prior to February 15, 2020, and eligible business mortgage interest payments, business rent or lease payments, and business utility payments.
- TT The information provided in this application and the information provided in all supporting documents and forms is true and correct in all material respects. I understand that knowingly making a false statement to obtain forgiveness of an SBA-guaranteed loan is punishable under the law, including 18 USC 1001 and 3571 by imprisonment of not more than five years and/or a fine of up to \$250,000; under 15 USC 645 by imprisonment of not more than two years and/or a fine of not more than \$5,000; and, if submitted to a Federally insured institution, under 18 USC 1014 by imprisonment of not more than thirty years and/or a fine of not more than \$1,000,000.
- TT The tax documents I have submitted to the Lender are consistent with those the Borrower has submitted/will submit to the IRS and/or state tax or workforce agency. I also understand, acknowledge, and agree that the Lender can share the tax information with SBA's authorized representatives, including authorized representatives of the SBA Office of Inspector General, for the purpose of ensuring compliance with PPP requirements and all SBA reviews.
- TT I understand, acknowledge, and agree that SBA may request additional information for the purposes of evaluating the Borrower's eligibility for the PPP loan and for loan forgiveness, and that the Borrower's failure to provide information requested by SBA may result in a determination that the Borrower was ineligible for the PPP loan or a denial of the Borrower's loan forgiveness application.

The Borrower's eligibility for loan forgiveness will be evaluated in accordance with the PPP regulations and guidance issued by SBA through the date of this application. SBA may direct a lender to disapprove the Borrower's loan forgiveness application if SBA determines that the Borrower was ineligible for the PPP loan.

Signature of Authorized Representative of Borrower

Thomas Tucker

Print Name

1/1/21

Date

+

Title

Payroll Cost Worksheet

SMALL BUSINESS INTERRUPTION LOANS				
Paycheck Protection Program				
Covered Loan Worksheet				
Business Name:	ABC Bed & Breakfast, Inc.		Enter data where highlighted	INPUT
Business EIN:	56-1234568			
NAICS Code:	721191			
Selected Year for Calc (2019 or 2020):	2019			
Reconciliation of Payroll Costs				
If Employee started after Jan 1st, enter start date. Otherwise leave blank.	List gross wages from payroll records for selected year before any deductions	Adjustment for 7(a) wage limitation	Total Adjusted 7(a) wage cost	
Start Date if in selected year	Names not Required			
List of employees making over \$100,000				
	Thomas Tucker	150,000	(50,000)	100,000
	Joseph Tucker	125,000	(25,000)	100,000
	Employee #3	-	-	-
	Employee #4	-	-	-
Total for all employees making < \$100,000 annually		250,000		250,000
Total		525,000	(75,000)	450,000
Employer Paid Benefits & Other Costs				
	Group Health Insurance	42,000		42,000
	Retirement Benefit Costs	15,750		15,750
	State/Local Taxes on Employee Compensation (i.e. employer U.C. tax)	2,149		2,149
Total Payroll Cost		584,899		509,899
Average Total Monthly Payroll Cost				42,492
Allowed Multiple				3.5
Requested Covered Loan Amount - Round down to nearest \$100				148,700

Gross Revenue Reduction Worksheet

Gross Revenue Test							Enter data where highlighted	INPUT	
		<u>2019 Gross Revenue</u>		<u>2020 Gross Revenue</u>		<u>% Change</u>			
1st Quarter		350,000		375,000		7.14%			
2nd Quarter		400,000		300,000		-25.00%			
3rd Quarter		450,000		500,000		11.11%			
4th Quarter		600,000		700,000		16.67%			
If there is more than a 25% decrease in gross revenue in one 2020 quarter when compared to 2019, move on to the Max Loan Calculation tab.									