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# OneEastside SPARK Webinar Series

[www.OneEastside.org/SPARK](http://www.OneEastside.org/SPARK)

## **SBA Program Update**

**May 20, 2021 | 2:30pm – 3:30pm**

**Disclaimer: To the best of our knowledge, this information was correct as of the time of this webinar. Given the fluidity of the situation, and rapidly changing guidelines, be aware that some of this information may have changed. Please visit the SBA website for updated information at [www.sba.gov](http://www.sba.gov).**



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**WEBINAR**

**KRISTINA  
HUDSON**

*CEO*

**OneRedmond**



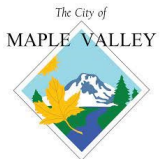
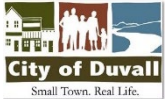


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# 23 Eastside Cities & Towns



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*Center for Business  
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**OneEastside SPARK: *Center for Business Resilience and Innovation*** is open for our small businesses and non-profits!

Offerings include:

- Database of financial opportunities and other resources
- Free one-on-one advising services
- Programs, webinars, & training opportunities in collaboration with our partners
- Businesses and non-profits: connect with your peers on our Facebook Group at <https://tinyurl.com/OneEastside-SPARK-Group>



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# Business Advisors

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**Mari Wruble**, [washington@wsbdc.org](mailto:washington@wsbdc.org)

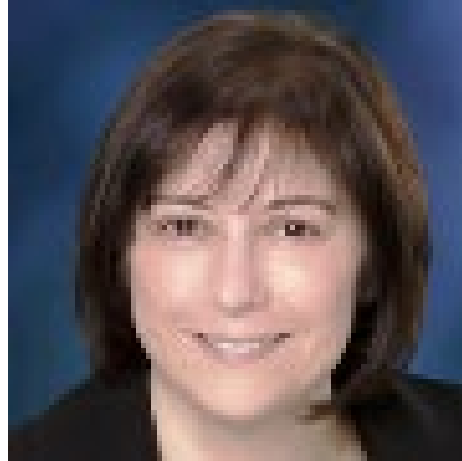
<https://wsbdc.org/contact-an-advisor/>

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**Michael Reis**

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# Featured Speakers



## **Janie Sacco**

*Outreach & Marketing Specialist  
Seattle District Office*

**U.S. Small Business Administration (SBA)**



## **Steve Burke**

*Western Washington Regional Manager*

**Washington Small Business  
Development Center (WSBDC)**





U.S. Small Business  
Administration

# SBA Programs Update & Overview - PPP Applications & Loan Forgiveness, SVOG, Restaurant Revitalization and Targeted EIDL Advance

# SBA Programs Update & Overview

- The information provided in this presentation is relevant as of 5-20-21. Neither the presenters, nor the Washington Small Business Development Centers are the final authority on this material. The information is subject to change at any time with new legislation and/or additional rules from the Treasury and/or the SBA. We update this presentation with new rules and guidance as they become available.
- Consult your CPA, Attorney or similar professional for tax and legal advice regarding how these programs may impact your specific business.
- The purpose of this presentation is to assist small business owners with their use of the programs established by the federal legislation. It is also to help Technical Assistance partners supporting bilingual and underserved communities better assist their communities with this material.

# SBA Programs Update & Overview

## SBA COVID-19 Economic Aid Funding Options

### Loan Programs

### Grant Programs



Paycheck  
Protection  
Program  
(PPP)



Debt Relief on  
SBA 7(a), 504  
and Microloans



Economic  
Injury Disaster  
Loan (EIDL)  
and  
Targeted EIDL  
Advance



Shuttered  
Venue  
Operators  
Grant (SVOG)



Restaurant  
Revitalization  
Fund (RRF)

# SBA Programs Update & Overview

## **What can the small business owner do to be ready for any pandemic relief program:**

- Find and review the 2019 tax return.
- Up to date 2019 and 2020 business Profit and Loss statements.
- Other documents you may need – Business bank account statements, 3<sup>rd</sup> party payroll records, W2/W3 forms, Tax forms such as 941, copies of funds transfers such as ACH & checks,
- State wage reporting documents for unemployment and L&I, For the employer portions of health insurance, retirement plans and state/local taxes – payment receipts and cancelled checks or account statements.

# SBA Programs Update & Overview

## Restaurant Revitalization Fund (RRF):

- Portal opened May 3rd. Applications should continue to be accepted until the available funds have been reserved. This is a first come, first served program for all applicants. There is a 21-day processing priority for those hardest hit applicants. Funding of the applications is in process.
- As of May 17<sup>th</sup>, 303,000 applications were received. \$23.6 Billion of the \$28.6 billion in funds appropriated by congress are exhausted except for a portion of the \$5 billion that is set aside for businesses with gross receipts less than \$50,000. **The RRF program closes on Mon. May 24<sup>th</sup> by 5:00pm PT.**
- 97,000 applications are from restaurants, bars and other eligible businesses controlled by women, 4,200 from veterans, 30,800 are from those social & economically disadvantaged, 61,700 are from businesses with under \$500,000 in pre-pandemic revenue.
- Program Details and Documents are at [www.SBA.gov/RRF](http://www.SBA.gov/RRF). Hotline phone number – **844-279-8898**.

# SBA Programs Update & Overview

## **Restaurant Revitalization Fund Next Steps for Businesses Funded (National Restaurant Assn):**

- 1) Retain all records submitted with the application including a copy of the application and screen shots where possible.
- 2) Retain all records supporting the application that were not submitted including sales, business entity, grant calculations, any info regarding assertion of priority, info on any affiliates and documentation of who owns the business.
- 3) Protect your SBA account information including emails addresses, usernames, passwords.
- 4) Plan how RRF funds will be spent on eligible expenses. These funds are pandemic relief funds not economic stimulus payments.
- 5) Map out the covered period timeline.
- 6) Learn about how RRF funds may be treated for state & federal taxes.

# SBA Programs Update & Overview

## **\$16.2 Billion in Grants for Shuttered Venue Operators – The portal has been open since April 26<sup>th</sup>.**

- As of May 17<sup>th</sup>, there have been more than 12,213 SVOG applications nationwide. Priority #1 applicants have started to be funded. Applications should continue to be accepted until the available funds have been reserved.
- Breakdown – 5,004 for live venue operator or promoter; 2,853 for live performing arts organization; 1,489 for motion picture theatres; 1,411 for talent representatives; 816 for theatrical producers; 640 for museum operators.
- Go to [www.sba.gov/svogrant](http://www.sba.gov/svogrant) to obtain the most recent FAQ, the Applicant User Guide, the eligibility criteria, the application checklist and to get the links to videos of the SAM registration and info on the application portal.
- This is a fairly complicated process. It will require at least one person to be prepared, stay focused, follow the rules and complete the application.

# SBA Programs Update & Overview

## Targeted EIDL Advance program:

- The SBA sent emails to those who applied for an EIDL loan in 2020 inviting them to apply for the 2021 Targeted EIDL Advance. This increases the 2020 EIDL Advance up to a maximum of \$10,000 in direct payment.
- Four qualifying criteria - 1) Being located in a Low-Income Community as defined in Section 45D(e) of the IRS code. 2) Can demonstrate a 30% reduction in revenue during an 8-week period after March 8<sup>th</sup>, 2020 compared to 2019. 3) Have applied for an EIDL prior to Dec. 27<sup>th</sup>, 2020, 4) Have 300 or fewer employees.
- As of May 17<sup>th</sup> - Nationwide 103,782 TEA applications have been funded for \$856 million. In WA State, 2,008 have been funded for \$16.258 million.
- 50% are declined due to location or failure to show 30% revenue reduction.
- For those with documentation mistakes they can request a reevaluation at [TargetedAdvanceReevaluation@sba.gov](mailto:TargetedAdvanceReevaluation@sba.gov) .
- Low-income mapping tool <https://sbaeidl.policymap.com/newmaps#/>.



# SBA Programs Update & Overview

## Supplemental Targeted Advance:

- This new program adds an additional \$5000 to those who are hardest hit.
- Those who applied for the Targeted EIDL Advance may be eligible to receive an additional \$5000 in addition to the \$10,000 of the EDIL Advance or the Targeted EIDL Advance.
- To qualify for this the TEA applicant has to show: 1) a 50% reduction in gross revenue during an 8-week period beginning on March 2, 2020, compared to the same period of the previous year, 2) Have 10 or fewer employees, 3) be located in a low-income community as shown in the mapping tool at <https://sbaeidl.policymap.com/newmaps#/>
- Small Business owners cannot independently apply for the Targeted EIDL Advance or the Supplemental Targeted EIDL Advance.

# SBA Programs Update & Overview

## SBA Economic Injury Disaster Loan (EIDL) Update:

- The EIDL Loan Program has been reauthorized through 12-31-2021 or until funds are no longer available. Interest rates are 3.75% for for-profit businesses and 2.75% for non-profit businesses for a 30-year term.
- Apply here - <https://covid19relief.sba.gov/#/>. Print each application page and verify for accuracy before moving to the next page. Validate your deposit institution's routing number and your account number.
- Office of Disaster Assistance's Customer Service Center is **1-800-659-2955**. To check status of your EIDL loan, call the 800 # and ask for a Tier 2 person.
- To ask for EIDL reconsideration if your loan request is denied or to request an increase in your loan amount - email to [pdcrecons@sba.gov](mailto:pdcrecons@sba.gov). You may be required to complete an SBA form 3501, a statement of liabilities and an updated form 4506-T (request for Tax Return). Be sure these are accurate.

# SBA Programs Update & Overview

## Economic Injury Disaster Loan: (con't):

- **NEW** – 2020 EIDL loan payments are deferred until 24 months from the date of the loan. There is no prepayment penalty. Max Loan of \$500,000.
- Nationwide - \$207,338,663,336 ; # loans 3,797,148
- Washington State - \$4,108,536,796; # loans 67,555 (13<sup>th</sup> most nationwide by State in dollars)
- Funded through December 31, 2021 or until funds are exhausted.
- May have an EIDL, a PPP, and an SVO Grant or an RRF at the same time.
- Use of proceeds: any working capital purpose including all operating expenses, inventory purchases, and principal and interest payments on business loans.
- May not be used for: debt consolidation, fixed asset purchases, relocation expenses.

# SBA Programs Update & Overview

## **2021 PPP Program Update as of May 16th, 2021:**

- **Washington State 2021** - 1<sup>st</sup> & 2<sup>nd</sup> Draw: \$5,769,124,048; #loans 84,963. (Still - 12<sup>th</sup> most nationwide by state in dollars)
- **Nationwide 2021** - 1<sup>st</sup> & 2<sup>nd</sup> Draw \$265,915,407,068; #loans 6,047,020.

### **Loan Size by numbers of loans nationwide:**

- \$50,000 or less – 85.9%
- \$50,000 to \$100,000 – 6.1%
- \$100,000 to \$150,000 – 3.0%
- Total \$150,000 and less – 95.0%

**Overall Nationwide PPP Loan Avg. Size - \$43,975 (Last week - \$45,487)**

# SBA Programs Update & Overview

First Draw Loans	Loans Approved	Net Dollars	Average Loan Size	Lender Count
Total First Draw Loans	3,359,047	\$62,101,243,048	\$18,488	5,171
First Draw Loans with 10 or fewer employees	3,316,339	\$49,840,119,880	\$15,029	5,158
First Draw Loans LMI & Less than \$250k	1,167,238	\$19,103,939,227	\$16,367	4,634

Second Draw Loans	Loans Approved	Net Dollars	Average Loan Size	Lender Count
Total Second Draw Loans	2,687,973	\$203,814,164,020	\$75,824	5,217
Second Draw Loans with 10 or fewer employees	2,174,107	\$59,968,004,808	\$27,583	5,200
Second Draw Loans LMI & Less than \$250k	642,483	\$25,146,524,012	\$39,140	4,727

First & Second Draw Loans	Loans Approved	Net Dollars	Average Loan Size	Lender Count
Total First & Second Draw Loans	6,047,020	\$265,915,407,068	\$43,975	5,245
PPP Loans by Community Financial Institutions	1,032,582	\$24,186,060,934	\$23,423	500
PPP Loans by Insured Depository Institutions <\$10B in Assets	1,748,596	\$99,872,081,076	\$57,116	4,110
PPP Loans by Credit Unions <\$10B in Assets	146,934	\$5,019,204,694	\$34,160	851
PPP Loans by Farm Credit System Institutions <\$10B in Assets	19,475	\$404,853,447	\$20,788	41

# SBA Programs Update & Overview

## The Latest Federal PPP changes:

- The PPP program ends on May 31<sup>st</sup>. While funds with commercial banks are not longer available, funds are still available from some CFI lenders. There is a current updated lender list at [www.smallbizhelpwa.com](http://www.smallbizhelpwa.com). CFI lenders are in bold on that list.
- The change in the funding formula is to use the gross amount from line 7 of IRS 1040 Schedule C (rather than line 31) is not retro active for loan applications submitted to the SBA via their lender before 3-5-21.
- A restriction on PPP access for small business owners with prior non-fraud felony convictions has been lifted. 1<sup>st</sup> & 2<sup>nd</sup> Draw PPP loan can now be processed for those with most other felony convictions. This provision is not retro active before 3-5-21.

# SBA Programs Update & Overview

## **Additional PPP changes effective on March 5th, 2021:**

- A restriction on PPP access for those with federal student loan debt delinquency and default has been removed. The SBA will remove Hold/Error Codes that would have been prevented PPP loan processing as a result of student loan debt issues. This provision is retro active to all PPP loans that have not received PPP loan forgiveness.
- Access to the PPP for non-citizen small business owners who are lawful U.S. residents is now allowed by clarifying that they may use Individual Taxpayer Identification Number (ITIN) to apply for the PPP. Small business owners with tax IDs of nine digits and beginning with “9” are now eligible. This provision is not retro active before 3-5-21.

# SBA Programs Update & Overview

## **Uses and details of the PPP funds:**

- Additional uses for all new PPP loans allowed include - certain operational expenses for business software and cloud computing for human resource and accounting systems, product and service delivery costs, supplier costs pursuant to a contract for goods and personal protective equipment.
- Property damage caused by civil unrest is an allowed PPP expense.
- Payroll costs can include group insurance including life, disability, health, vision, and/or dental insurance.
- PPP loans made before, on or after enactment of the Dec 27th legislation can use the expanded forgivable expenses unless the 1<sup>st</sup> PPP loan has already been forgiven.
- You must apply for loan forgiveness for each PPP loan separately. You can only get one 1<sup>st</sup> Draw and one 2<sup>nd</sup> Draw PPP.
- The EIDL Advance is no longer relevant in PPP loan forgiveness and Tax deductions on most forgiven expenses are allowed.



# SBA Programs Update & Overview

## **The Importance of Accuracy:**

- Stay in touch with your 1<sup>st</sup> Draw lender before you use a 2<sup>nd</sup> lender for a 2<sup>nd</sup> Draw PPP. The 1<sup>st</sup> Draw lender may be needed to resolve Hold/Error Codes.
- Lenders had new instructions as of 2-8-21 to resolve certain error and hold codes including documents that are required to remove those holds/errors.
- It is critical that the PPP loan TIN (EIN/SSN/ITIN), business name and owner application of a 2<sup>nd</sup> Draw match that provided on a 1<sup>st</sup> Draw.
- Four common “holds” are a mis-match of EINs or SSN, comparison of business names do not match, NAICS code does not match, owners do not match or are not correctly identified, and public records do not show business activity before February 15th, 2020.
- If there is a 1<sup>st</sup> Draw hold, it must be corrected by the first lender before a 2<sup>nd</sup> Draw can be approved with any lender.

# SBA Programs Update & Overview

## Why is your PPP loan being held up or declined by your lender?

- Hold Codes apply to PPP loans of 2020 and must be cleared before loan forgiveness is provided.
- Compliance Check Error Codes apply to PPP loans of 2021. Most of these apply to 2<sup>nd</sup> Draw PPP loans.
- The SBA is reviewing public information as required by the Dec 27<sup>th</sup> legislation to prevent fraud.
- **Lender resolves** - Hold/Error Codes resulting from criminal history related to non-fraud, bankruptcy, business formation or sanction; applicant potentially deceased, business dormant or inactive; TIN/Business and/or owners names are mismatched, large number of employees at residential location, etc.
- **SBA resolves** – Hold Codes resulting from franchise review, ineligible business size, business address/location is vacant, Cannabis entity, debarred business, defaulted on SBA loan in last 7 yrs., payday lender, affiliation issue, duplicate tax ID, foreign country related, lobbying entity.

# SBA Programs Update & Overview

## **Tax Provisions Expenses Forgiven Are Now Deductible Expenses For Year End Tax Reporting:**

- Gross business income does not include any amount that would otherwise arise from the forgiveness of a PPP loan.
- Business tax deductions are allowed for otherwise deductible expenses paid with proceeds of a PPP loan that is forgiven.
- Gross business income does not include forgiveness of certain loans, emergency EIDL grants and certain loan re-payment assistance, each as provided in the CARES Act.
- State and local grants that you may have received in 2020 & 2021 may be reportable and/or taxable under federal tax laws. Consult your CPA.
- Federal grants and the forgiven portion of federal loans that are forgiven may be reportable and/or taxable under Washington State B&O tax laws. Consult your CPA.

# SBA Programs Update & Overview

## **Steps to Applying for Loan Forgiveness:**

- 1) Contact your PPP Lender and complete the correct form or online portal.
- 2) Compile documentation.
- 3) Submit the forgiveness form and documentation if required to your lender.
- 4) Continue to communicate with your lender through the process.
- 5) All loan forgiveness forms can be submitted up to 10 months after the end of the borrower's covered period.

Loan Forgiveness applications can be submitted when the borrower has 1) used all of the funds, 2) documented use of the loan proceeds is compiled, 3) lender is ready to accept the applications.

# SBA Programs Update & Overview

## Which Form To Use?

- 3508S – One Page plus documentation for PPP loans of \$150,000 and less.
- 3508EZ – Two Pages plus documentation for PPP loans of more than \$150,000 and you meet one of the two eligibility requirements. This works well for owner operated small businesses with PPP loans over \$150,000.
- 3508 Long Form – Four Pages plus two pages in the instructions. Can be used for any PPP loan but works best for larger businesses with more detailed PPP situations and/or the need to meet one of the available Safe Harbors.

# SBA Programs Update & Overview

## Form 3508S Short Form:

- Used for PPP Loans \$150,000 and under.
- For loans over \$50,000, the borrower must self certify that they either met the FTE and the minimum 75% wage requirement OR they adjusted their requested loan forgiveness based on available safe harbors. These borrowers should reference form 3508 for calculations.
- Cannot have combined affiliated PPP Loans of more that \$2 million.
- The borrower must retain documentation showing basis and proof of payments. No documents are required to be submitted at the time the loan forgiveness application is submitted.
- Do not check the \$2 Million Box unless you received a PPP for that amount or more. All borrowers with loans over \$2 million are now being asked to complete a Loan Necessity Questionnaire.

# SBA Programs Update & Overview

## Where to Get Additional Information & Support Resources:

- Technical Assistance for non-English speakers, and underserved communities can be found at this link – <https://www.commerce.wa.gov/serving-communities/technical-assistance-from-trusted-community-messengers/>.
- Washington Statewide relief coordination, resources, local lenders, technical assistance and training events at [smallbizhelpwa.com](http://smallbizhelpwa.com).
- The SBA has technical assistance providers in SCORE, Women's Business Centers, Veterans Business Outreach and the SBDC.
- The SBA website at [SBA.gov](http://SBA.gov) can be converted to 108 additional languages with the “Translate” button. COVID Resources in other languages: <https://www.sba.gov/page/coronavirus-recovery-information-other-languages>. Website for PPP info & FAQs - [www.sba.gov/PPP](http://www.sba.gov/PPP).

# SBA Programs Update & Overview

## Where to Get Additional Information & Support Resources:

- Lender Match - <https://www.sba.gov/funding-programs/loans/lender-match>. AND/OR [www.sba.gov/paycheckprotection/find](http://www.sba.gov/paycheckprotection/find)
- Treasury Website for PPP info & Rules - <https://home.treasury.gov/policy-issues/cares/assistance-for-small-businesses>.
- Link to latest PPP FAQ: [PPP-FAQs-3.12.21.pdf \(sba.gov\)](#)
- IRS website on the Employee Retention Tax Credit: <https://www.irs.gov/newsroom/faqs-employee-retention-credit-under-the-cares-act>.
- City of Seattle assistance – including bilingual language support (Spanish, Vietnamese, Korean, Cantonese, Mandarin, Amharic, Somali) <http://www.seattle.gov/office-of-economic-development/covid-19/sba-disaster-loan-assistance> email [OED@seattle.gov](mailto:OED@seattle.gov) or call [\(206\) 684-8090](tel:(206)684-8090).



# SBA Programs Update & Overview

**Upcoming PPP Loan Forgiveness Instructions Webinars – Every other Friday at 10:00am through July (wsbdc.ecenterdirect.com):**

5/28/2021, 10:00 AM – 12:00 PM

<https://wsbdc.ecenterdirect.com/events/99271547>

6/11/2021, 10:00 AM – 12:00 PM

<https://wsbdc.ecenterdirect.com/events/99271581>

6/25/2021, 10:00 AM – 12:00 PM

<https://wsbdc.ecenterdirect.com/events/99271582>

7/9/2021, 10:00 AM – 12:00 PM

<https://wsbdc.ecenterdirect.com/events/99271583>

7/23/2021, 10:00 AM – 12:00 PM

<https://wsbdc.ecenterdirect.com/events/99271584>

# Find the Nearest Advisor:

<https://wsbdc.org/contact-an-advisor/washington@wsbdc.org> or 833-4WA-SBDC



# Q&A



## **Janie Sacco**

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## **Steve Burke**

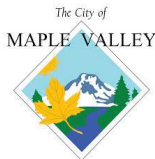
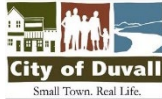
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**Disclaimer: To the best of our knowledge, this information was correct as of the time of this webinar. Given the fluidity of the situation, and rapidly changing guidelines, be aware that some of this information may have changed. Please visit the SBA website for updated information at [www.sba.gov](http://www.sba.gov).**