

U.S. Small Business Administration

Agenda



- PPP Loan Overview
- Resource Partners
- EIDL Loan Overview
- General Assistance
- Additional Resources



PPP Loans

Coronavirus Aid, Relief and Economic Security (CARES) Act Provides Businesses TWO Loan Choices

Eligible Business

1	*2*
Payroll Protection Program (PPP)	**Economic Injury Disaster Loan (EIDL)**
Contact Participating Lender	*Contact the (SBA) Directly*

Payroll Protection Program (PPP)

- Was established to help small businesses pay their payroll and other operating expenses.
- SBA will forgive 100% of the loan proceeds if used to cover (8) weeks of eligible expenses, once the loan is disbursed: *(PPP Flexibility Acct allows for 24 weeks or Dec. 31, 2020; whichever occurs first)*
  - Payroll expenses
  - Rent and lease expenses
  - Utility expenses (electricity, gas water, telephone, transportation and internet access)
  - Mortgage and other interest expenses

https://www.sba.gov/funding-programs/loans/paycheck-protection-program-ppp

PPP Eligibility (1 of 2)

- Small business affected by COVID-19 with less than 500 employees:
  - Sole proprietorships, independent contractors and self-employed persons
  - Private non-profit organizations
  - 501(c)(19) veteran organizations
- Certain businesses may have more than 500 employees if they meet SBA's size standards for those industries

PPP Eligibility (2 of 2)

1. Churches and some non-profit organizations qualify for PPP and EIDL loans
   - Note that EIDL is **only currently available to agricultural businesses**.
   - Business must be small.

   https://www.sba.gov/document/support--table-size-standards

How to Apply for PPP

- Apply by contacting a participating local approved SBA lender – over 200 in the Houston District
- Contact your current lender
- List of SBA Lenders is located at www.sba.gov/tx/houston under “corona virus”



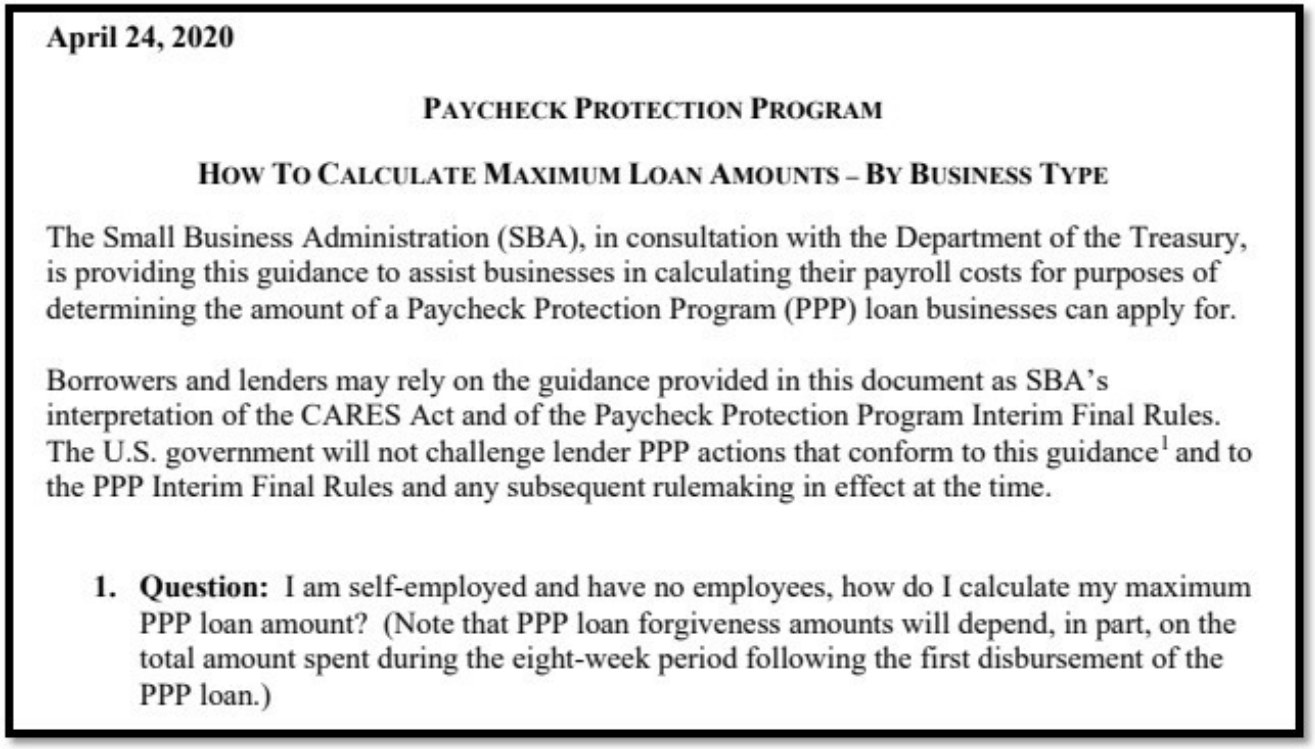
Documents Needed - PPP

Borrowers must submit documentation:

- PPP Loan Application
- Payroll processor records
- Payroll tax filings
- If sole proprietorship or independent contractor; form 1040
- If partnership with distributions; form K-1



Calculating PPP Loan Amount



April 24, 2020

PAYCHECK PROTECTION PROGRAM

HOW TO CALCULATE MAXIMUM LOAN AMOUNTS – BY BUSINESS TYPE

The Small Business Administration (SBA), in consultation with the Department of the Treasury, is providing this guidance to assist businesses in calculating their payroll costs for purposes of determining the amount of a Paycheck Protection Program (PPP) loan businesses can apply for.

Borrowers and lenders may rely on the guidance provided in this document as SBA's interpretation of the CARES Act and of the Paycheck Protection Program Interim Final Rules. The U.S. government will not challenge lender PPP actions that conform to this guidance[1] and to the PPP Interim Final Rules and any subsequent rulemaking in effect at the time.

1. **Question:** I am self-employed and have no employees, how do I calculate my maximum PPP loan amount? (Note that PPP loan forgiveness amounts will depend, in part, on the total amount spent during the eight-week period following the first disbursement of the PPP loan.)

https://home.treasury.gov/system/files/136/How-to-Calculate-Loan-Amounts.pdf

Sample PPP Application (1 of 5)

Paycheck Protection Program
Borrower Application Form

OMB Control No.: 3245-0407
Expiration Date: 09/30/2020

Check One: ❑ Sole proprietor ❑ Partnership ❑ C-Corp ❑ S-Corp ❑ LLC ❑ Independent contractor ❑ Eligible self-employed individual ❑ 501(c)(3) nonprofit ❑ 501(c)(19) veterans organization ❑ Tribal business (sec. 31(b)(2)(C) of Small Business Act) ❑ Other	**DBA or Tradename if Applicable**	
Business Legal Name		
Business Address	**Business TIN (EIN, SSN)**	**Business Phone**
		( ) -
	Primary Contact	**Email Address**

Average Monthly Payroll:	$	x 2.5 + EIDL, Net of Advance (if Applicable) Equals Loan Request:	$	Number of Employees:	
Purpose of the loan (select more than one):	☐Payroll ☐Lease / Mortgage Interest ☐Utilities ☐Other (explain):_____				

Sample PPP Application (2 of 5)

Applicant Ownership

List all owners of 20% or more of the equity of the Applicant. Attach a separate sheet if necessary.

Owner Name	Title	Ownership %	TIN (EIN, SSN)	Address

If questions (1) or (2) below are answered "Yes," the loan will not be approved.

Question	Yes	No
1. Is the Applicant or any owner of the Applicant presently suspended, debarred, proposed for debarment, declared ineligible, voluntarily excluded from participation in this transaction by any Federal department or agency, or presently involved in any bankruptcy?	☐	☐
2. Has the Applicant, any owner of the Applicant, or any business owned or controlled by any of them, ever obtained a direct or guaranteed loan from SBA or any other Federal agency that is currently delinquent or has defaulted in the last 7 years and caused a loss to the government?	☐	☐
3. Is the Applicant or any owner of the Applicant an owner of any other business, or have common management with, any other business? If yes, list all such businesses and describe the relationship on a separate sheet identified as addendum A.	☐	☐
4. Has the Applicant received an SBA Economic Injury Disaster Loan between January 31, 2020 and April 3, 2020? If yes, provide details on a separate sheet identified as addendum B.	☐	☐

If questions (5) or (6) are answered "Yes," the loan will not be approved.

Sample PPP Application (3 of 5)

	Question	Yes	No
5.	Is the Applicant (if an individual) or any individual owning 20% or more of the equity of the Applicant subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction, or presently incarcerated, or on probation or parole? Initial here to confirm your response to question 5 → _____	☐	☐
6.	Within the last 5 years, for any felony, has the Applicant (if an individual) or any owner of the Applicant 1) been convicted; 2) pleaded guilty; 3) pleaded nolo contendere; 4) been placed on pretrial diversion; or 5) been placed on any form of parole or probation (including probation before judgment)? Initial here to confirm your response to question 6 → _____	☐	☐
7.	Is the United States the principal place of residence for all employees of the Applicant included in the Applicant's payroll calculation above?	☐	☐
8.	Is the Applicant a franchise that is listed in the SBA's Franchise Directory?	☐	☐

Sample PPP Application (4 of 5)

By Signing Below, You Make the Following Representations, Authorizations, and Certifications

CERTIFICATIONS AND AUTHORIZATIONS

I certify that:

- I have read the statements included in this form, including the Statements Required by Law and Executive Orders, and I understand them.
- The Applicant is eligible to receive a loan under the rules in effect at the time this application is submitted that have been issued by the Small Business Administration (SBA) implementing the Paycheck Protection Program under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (the Paycheck Protection Program Rule).
- The Applicant (1) is an independent contractor, eligible self-employed individual, or sole proprietor or (2) employs no more than the greater of 500 or employees or, if applicable, the size standard in number of employees established by the SBA in 13 C.F.R. 121.201 for the Applicant's industry.
- I will comply, whenever applicable, with the civil rights and other limitations in this form.
- All SBA loan proceeds will be used only for business-related purposes as specified in the loan application and consistent with the Paycheck Protection Program Rule.
- To the extent feasible, I will purchase only American-made equipment and products.
- The Applicant is not engaged in any activity that is illegal under federal, state or local law.
- Any loan received by the Applicant under Section 7(b)(2) of the Small Business Act between January 31, 2020 and April 3, 2020 was for a purpose other than paying payroll costs and other allowable uses loans under the Paycheck Protection Program Rule.

For Applicants who are individuals: I authorize the SBA to request criminal record information about me from criminal justice agencies for the purpose of determining my eligibility for programs authorized by the Small Business Act, as amended.

Sample PPP Application (5 of 5)

CERTIFICATIONS

The authorized representative of the Applicant must certify in good faith to all of the below by **initialing** next to each one:

_____ The Applicant was in operation on February 15, 2020 and had employees for whom it paid salaries and payroll taxes or paid independent contractors, as reported on Form(s) 1099-MISC.

_____ Current economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant.

_____ The funds will be used to retain workers and maintain payroll or make mortgage interest payments, lease payments, and utility payments, as specified under the Paycheck Protection Program Rule; I understand that if the funds are knowingly used for unauthorized purposes, the federal government may hold me legally liable, such as for charges of fraud.

_____ The Applicant will provide to the Lender documentation verifying the number of full-time equivalent employees on the Applicant's payroll as well as the dollar amounts of payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities for the eight-week period following this loan.

_____ I understand that loan forgiveness will be provided for the sum of documented payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities, and not more than 25% of the forgiven amount may be for non-payroll costs.

_____ During the period beginning on February 15, 2020 and ending on December 31, 2020, the Applicant has not and will not receive another loan under the Paycheck Protection Program.

_____ I further certify that the information provided in this application and the information provided in all supporting documents and forms is true and accurate in all material respects. I understand that knowingly making a false statement to obtain a guaranteed loan from SBA is punishable under the law, including under 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.

_____ I acknowledge that the lender will confirm the eligible loan amount using required documents submitted. I understand, acknowledge and agree that the Lender can share any tax information that I have provided with SBA's authorized representatives, including authorized representatives of the SBA Office of Inspector General, for the purpose of compliance with SBA Loan Program Requirements and all SBA reviews.

_____ _____

Signature of Authorized Representative of Applicant Date

Loan Details & Forgiveness

- Details:
  - Maturity of 2 years (PPP Flexibility Act- Increases to 5 years for loans that are approved by SBA (based on the date SBA assigns a loan number) on or after June 5, 2020).
  - Interest rate of 1%
  - Payments deferred *(Per PPP Flexibility Act- to be discussed slide 19)*
  - No collateral or personal guarantees required
  - No fees charged to the small business
- Forgiveness:
  - At least 75% of the loan must be used for payroll expenses *
  - No more than 25% may be used for rent, utilities, and interest expenses *

  ***(Per PPP Flexibility Act updated to 60% and 40%, respectively).**

HR 7010 Summary

Paycheck Protection Program Flexibility Act of 2020

(6/5/2020)

Seven Key Changes
(Changes 1-3)

1. Extends the covered period for loan forgiveness from eight weeks after loan disbursement to 24 weeks
   - Borrowers who have already received PPP loans retain the option to use an eight-week covered period.

2. Lowers the requirement that 75 percent of a borrower's loan proceeds must be used/spent for payroll costs during the loan forgiveness covered period to 60 percent for each of these requirements.

3. Provides a safe harbor from reductions in forgiveness, based on reductions in full-time equivalent employees, for borrowers that are unable to return to the same level of business activity prior to February 15, 2020, due to compliance with requirements/guidance between March 1, 2020 and December 31, 2020 by the:
   - Secretary of Health and Human Services
   - Director of the Centers for Disease Control and Prevention
   - Occupational Safety and Health Administration, related to worker or customer safety requirements related to COVID–19.

Seven Key Changes
(Changes 4-7)

4. Provides a safe harbor from reductions in loan forgiveness based on reductions in full-time equivalent employees…:
   - unable to rehire individuals who were employees of the borrower on February 15, 2020
   - unable to hire similarly qualified employees for unfilled positions by December 31, 2020.

5. Increases to five years the maturity of PPP loans that are approved by SBA (based on the date SBA assigns a loan number) on or after June 5, 2020.
   - For loans before that time; contact your lender to see if they will adjust to the 5-year term.

6. Extends the deferral period for borrower payments of principal, interest, and fees on PPP loans to the date that SBA remits the borrower's loan forgiveness amount to the lender
   - or, if the borrower does not apply for loan forgiveness, 10 months after the end of the borrower's loan forgiveness covered period.

7. Removed the restriction of participating in the deferment (employer portion) of social security payroll tax if you received a PPP loan. Now you can defer through December 31, 2020 and pay the balance deferred 50% on December 31, 2021 and 50% on December 31, 2022.

Resource Partners



Important Non-Monetary Assistance from SBA

SBA has three local Resource Partners

- Texas Gulf Coast Small Business Development Centers (SBDC)
- SCORE Mentors
- The WBEA Women's Business Center (WBC)

A range of help during the downturn, to include:

- Cash flow management
- Messaging and Social Media
- Import/Export
- Supply Chain
- Strategic Planning
- Risk management and Insurance counseling

Contact Information

Small Business Development Center 713-752-8444 www.sbdc.uh.edu	Houston SCORE 713-487-6565 www.houston.score.org
Women's Business Center 713-681-9232 www.wbea-texas.org/womens-business-center	U.S. Small Business Administration 713-773-6500 **SIGN-UP FOR EMAIL UPDATES:** www.sba.gov/tx/houston **FOLLOW US ON TWITTER:** @SBA_Houston

EIDL Loans



Economic Injury Disaster Update

- Currently (only) available for agricultural businesses
- Previous applicants with a 200 series application number:
  - May re-apply in order to access the EIDL Advance



Economic Injury Disaster Loans (EIDL)



3.75% interest rate for small businesses; 2.75% for private non-profits.



Long-term repayments up to 30 years



May be used for fixed debts, payroll, accounts payable and other bills affected by the disaster

How to Apply for EIDL

- The website for applying for EIDL is www.sba.gov/disaster
- You may also contact the SBA Disaster Customer Service Center (M - F 8:00 am to 8:00 pm, Sat/Sun 8:00 am to 5:00 pm Eastern Time)
  - 1-800-659-2955
  - e-mail disastercustomerservice@sba.gov
  - TTY: 1-800-877-8339
- If denied:
  - you get six months to provide a written reconsideration request with new supplemental information
  - If denied a second time, you get an additional 30 days to appeal

Additional Resources



Additional Resources

- Visit with your existing bank
- The LiftFund Program
- Texas Restaurant Association Grant Program
- Check your local EDC (ex.- Galveston EDP Short-term Loan Program)
- Brazos Valley Community Relief Grant
- Harris County Small Business Loans Program
- U.S. Chamber of Commerce ‘Save Small Business Fund’
- Allied Arts Grant program for artists
- Hello Alice COVID-19 Grant
- Non-Profit Organization Assistance
- Visit your local Chamber of Commerce
- Houston Business Development, Inc.
- Fort Bend County Grant Program

Contact Information

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Frequently Asked Questions



Questions (1/3)

- Visit www.sba.gov/tx/houston, under Coronavirus resources:
  - *For a copy of this slide deck*
  - *Houston District SBA lender list*
- What banks are offering PPP loans?
  - *Check www.sba.gov/tx/houston*
- Can I check status of my EIDL application?
  - *1 800 659 2955 or disastercustomerservice@sba.gov*
- Are EIDL loans forgiven?
  - *NO, but the Advance is a grant (is forgiven)*
- How is the "up to $10K EIDL Relief Grant" calculated?
  - *Based on the number of pre-disaster (before January 31, 2020) employees; $1,000 per employee up to a maximum of $10,000.*

Questions (2/3)

- Can I apply for both EIDL and PPP?
  - *YES; however, you cannot duplicate costs.*
- Which loan should I apply for - EIDL or PPP?
  - *Each business is different. Our network of local, free resources can help.*
- I have already submitted my EIDL application. Can I submit for the PPP loan?
  - *YES, just don't duplicate costs included in the EIDL.*
  - *If payroll was on the EIDL, you must refinance the EIDL into the PPP*
- I have already submitted my EIDL application but didn't get the advance?
  - *If application number starts with 22 - submit the new application to access advance – it won't affect previous application*
  - *If application begins with 33 – watch your bank account.*

Questions (3/3)

- I received an email with an SBA logo. How do I know it is real?
  - *If its from the SBA it will have a **.gov** email address*
- Someone contacted me promising they can get me approved and move me to the head of the line – for a fee. Is this real?
  - *Suspect fraud!*
  - *Report any suspected fraud to OIG's Hotline at 800-767-0385 or online at, https://bit.ly/2UxdAhL*

For questions about your specific situation

- *For the EIDL Loan - SBA Disaster Customer Service:*
  - 1-800-659-2955 -- TTY: 1-800-877-8339
  - e-mail disastercustomerservice@sba.gov
- *For the PPP Loan:*
  - Contact your lender directly
  - Lender list at www.sba.gov/tx/Houston under Coronavirus Resources
- *One of our Resource Partners for general guidance:*
  - Texas Gulf Coast SBDC 713-752-8444 www.sbdc.uh.edu
  - Houston SCORE 713-487-6565 www.houston.score.org
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