Financial Assistance Available

For small business affected by COVID-19

• Debt Deferment or Relief:
  • Automatically deferring payments on existing disaster loans thru 12/31/20
    • Reflected in monthly notice
  • SBA Debt Relief Program
    • The SBA will pay the principal and interest of current 7(a), 504 and microloans for a period of six months.
    • The SBA will also pay the principal and interest of new 7(a), 504 and microloans issued prior to September 27, 2020.

• Loans:
  • Paycheck Protection Program (PPP)
  • Economic Injury Disaster Loan (EIDL) and EIDL Advance –reopened 6/15/20
# Program Comparison

<table>
<thead>
<tr>
<th></th>
<th>PPP</th>
<th>EIDL</th>
<th>EIDL Advance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Purpose</strong></td>
<td>Forgivable if used for payroll costs (min 60%), mortgage interest,</td>
<td>To meet financial obligations and operating costs could have met had COVID-19 not occurred</td>
<td>To meet financial obligations and operating costs could have met had COVID-19 not occurred</td>
</tr>
<tr>
<td></td>
<td>rent/utilities (max 40%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Terms</strong></td>
<td>Up to $10 million</td>
<td>Up to $2 million</td>
<td>Up to $10,000</td>
</tr>
<tr>
<td></td>
<td>1% interest rate</td>
<td>3.75% interest-small biz</td>
<td>$1,000 per employee</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.75% interest-nonprofit</td>
<td></td>
</tr>
<tr>
<td><strong>Forgivable</strong></td>
<td>yes</td>
<td>no</td>
<td>yes</td>
</tr>
<tr>
<td><strong>Maturity</strong></td>
<td>2 or 5 years</td>
<td>30 years</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>First Payment Due</strong></td>
<td>Deferred 6+ months</td>
<td>Deferred 12 months</td>
<td>N/A</td>
</tr>
</tbody>
</table>
PPP Flexibility Act

What changed

• Covered period changes from 8 weeks to 24 weeks
  • 8 weeks = $15,385 cap
  • 24 weeks = $20,833 cap

• 75/25 ratio changes to 60/40 for loan forgiveness

• Safe harbor from reductions on loan forgiveness:
  • Unable to return to pre-Feb 15 level business activity by Dec 31 due to COVID-19 health issues
  • Cannot rehire all employees or similarly qualified employees to restore pre-Feb 15 FTEs

• Loan maturity increases from 2 to 5 years

• Extended deferral from date of loan to date SBA remits forgiveness amount to the lender (or 10 months post covered period if borrower doesn’t apply for forgiveness)
PPP Flexibility Act

What does not change - subject to further SBA/Treasury/Congressional action

- Loan application deadline - June 30
- Eligibility
- Use of proceeds
- $ amount eligible to borrow
- Each business limited to one loan
PPP Loan Forgiveness

• Forgiveness Application Form 3508EZ
  • Self-employed with no employees
  • Did not reduce number of FTEs, pay by more than 25% and average hours (safe harbor applies) Jan 1- covered period, or
  • Did not reduce pay by more than 25% and could not return to pre-Feb 15 operating levels

• Forgiveness Application Form 3508
  • Everyone else

• Recommendations:
  • Document everything
  • Keep all documents related to payroll and benefits,
  • Keep all utility bills
  • Keep all emails or other correspondence related to rehiring employees
  • Documents supporting certification can’t return to pre-Feb 15 operations
# PPP Loan Forgiveness

## Example using EZ form

**Payroll and Non-payroll Costs**

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Payroll Costs</td>
<td>$75,000</td>
</tr>
<tr>
<td>2</td>
<td>Business Mortgage Interest Payments:</td>
<td>$0</td>
</tr>
<tr>
<td>3</td>
<td>Business Rent or Lease Payments:</td>
<td>$20,000</td>
</tr>
<tr>
<td>4</td>
<td>Business Utility Payments:</td>
<td>$5,000</td>
</tr>
</tbody>
</table>

**Potential Forgiveness Amounts**

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Add the amounts on lines 1, 2, 3, and 4:</td>
<td>$100,000</td>
</tr>
<tr>
<td>6</td>
<td>PPP Loan Amount:</td>
<td>$100,000</td>
</tr>
<tr>
<td>7</td>
<td>Payroll Cost 60% Requirement (divide Line 1 by 0.60):</td>
<td>$125,000</td>
</tr>
</tbody>
</table>

**Forgiveness Amount**

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>Forgiveness Amount (enter the smallest of Lines 5, 6, and 7):</td>
<td>$100,000</td>
</tr>
</tbody>
</table>
PPP Rules and Resources


• Interim Final Rules:
  • [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) Amended 6/17/20
  • [Interim Final Rule on Requirements for Promissory Notes, Authorizations, Affiliation, and Eligibility](#) (4/24/2020)
  • [Interim Final Rule Additional Criterion for Seasonal Employers](#) (4/27/2020)
  • [Interim Final Rule on Disbursements](#) (4/28/2020) Amended 6/17/20
  • [Interim Final Rule on Corporate Groups and Non-Bank and Non-Insured Depository Institution Lenders](#) (4/30/2020)
  • Interim Final Rule on Nondiscrimination and Additional Eligibility Criteria (5/5/2020)
  • [Interim Final Rule on Extension of Limited Safe Harbor with Respect to Certification Concerning Need for PPP Loan Request](#) (5/8/2020)
  • Interim Final Rule on Loan Increases (originally posted 5/13/2020)
  • Interim Final Rule on Eligibility of Certain Electric Cooperatives (originally posted 5/14/2020)
  • Interim Final Rule on Treatment of Entities with Foreign Affiliates (originally posted 5/18/2020)
  • [Interim Final Rule on Second Extension of Limited Safe Harbor with Respect to Certification Concerning Need for PPP Loan and Lender Reporting](#) (originally posted 5/20/2020)
  • Interim Final Rule on Loan Forgiveness (originally posted 5/22/2020)
  • [Interim Final Rule on SBA Loan Review Procedures and Related Borrower and Lender Responsibilities](#) (5/22/2020)
  • [Interim Final Rule on Eligibility of Certain Telephone Cooperatives](#) (6/5/2020)

• FAQs
  • [Frequently Asked Questions](#) (5/6/2020)
  • [https://home.treasury.gov/system/files/136/How-to-Calculate-Loan-Amounts.pdf](#)
SBA is OPEN for Business

- District Office teams are assisting people by phone and email as are our resource partners. Contact San Francisco District Office at SFOMail@sba.gov
  - SF Resource Guide – Lists local resource partners/SBA lenders
- Our Resource Partners, SBDC, SCORE, WBC, VBOC, are ready to help with free business advising.
  - NorCal SBDC Financing Team: 833-ASK-SBDC or loans@asksbdc.com
- Webinars: to find out when and where, sign up for our newsletter and we will push info to you as it becomes available
- SFDO Newsletter – sign up to have the latest information pushed to you.
  - Sign up: https://www.sba.gov/ca/sf
- SBA.gov/coronavirus: contains latest program information
- Follow us on Twitter: @SBAgov and @SBA_SF
Resources

• SBA COVID-19 Funding Options
  • https://www.sba.gov/funding-programs/loans/coronavirus-relief-options

• SBA’s Customer Service Center (for Disaster Loans)
  • 1-800-659-2955 / 1-800-877-8339 (TTY)
  • Email: disastercustomerservice@sba.gov

• Paycheck Protection Plan Rules
  • https://www.sba.gov/paycheckprotection
  • https://home.treasury.gov/policy-issues/top-priorities/cares-act/assistance-for-small-businesses