



## **GUIDE TO COVID RELIEF FOR SMALL BUSINESSES AND NON-PROFITS**

Senator Schumer would like to update you and your partner organizations on critical relief he has secured that your institution may access, including the continued and new eligibility of certain small businesses and non-profits for forgivable loans through the SBA's Paycheck Protection Program (PPP) and for low-interest loans and \$10,000 cash advance grants through the SBA Economic Injury Disaster Loan Program (EIDL).

As a result of Senator Schumer's efforts, the CARES Act signed into law in March 2020 made small businesses and certain non-profits eligible for SBA's assistance, through both PPP and EIDL. He also helped secure SBA rules that do not impose unique burdens on certain small businesses in the food industry, including waiving SBA's affiliation rules.

The recent December 2020 COVID relief legislation includes language to keep in place the SBA guidance clarifying existing eligibility of small businesses and non-profits while adding additional eligibility to the PPP program for a wide range of small businesses and non-profits. In the following pages, you will find further detailed information on this eligibility, as well as details on how to access assistance and how the programs work.

**As of January 19, 2021, the Paycheck Protection Program is now open to all small businesses for first and second draw loans.**

**PLEASE NOTE:** The SBA will be releasing further guidance in the days and weeks ahead, so this information is subject to change. This guide will be updated as new information becomes available.

**Please do not hesitate to contact Senator Schumer's office if you encounter any challenges with these programs or otherwise. Contact information for each of Senator Schumer's offices can be found [here](#).**

## Paycheck Protection Program (PPP) First and Second Forgivable Loans

The program provides cash-flow assistance through 100 percent federally guaranteed loans to employers who maintain their payroll during this emergency. If employers meet all employee retention criteria and funds are used for eligible expenses, the loans will be forgiven, which will help workers remain employed, as well as help affected small businesses and our economy snap-back quicker after the crisis.

PPP has a host of attractive features, such as loan forgiveness if certain criteria are met, no SBA fees, and at least ten months of payment deferral. Small businesses and other eligible entities will be able to apply if they were harmed by COVID-19 between February 15, 2020 and March 31, 2021. This program is retroactive to February 15, 2020, in order to help bring workers who may have already been laid off back onto payrolls.

**NEW:** Eligible entities may now take out a second PPP loan of up to \$2 million so long as they meet all eligibility criteria. If you did not receive a first PPP loan, you may also apply now. First PPP loans are up to \$10 million. Further details on first and second PPP loan eligibility and terms are included below. **First and second PPP loans are available through March 31, 2021.**

**PLEASE NOTE: PPP is now open to all qualified businesses for first and second draw loans.**

On January 6, 2021, the SBA released draft rules for implementing PPP first and second loans. Draft guidance has also been provided on focusing assistance on underserved communities. You can find details on the guidance, draft rules and a process to provide comments at the following links:

- [Interim Final Rule on Paycheck Protection Program as Amended by Economic Aid Act](#) (Released 1/6/2021)
- [Interim Final Rule on Second Draw Loans](#) (Released 1/6/2021)
- [SBA Guidance on Accessing Capital for Minority, Underserved, Veteran and Women-Owned Business Concerns](#) (Released 1/6/2021)

The SBA will be releasing further guidance in the days and weeks ahead, so this information is subject to change. This guide will be updated as new information becomes available. For more information and updates, you can also visit [SBA.gov/PPP](https://www.sba.gov/PPP) or [Treasury.gov/CARES](https://www.treasury.gov/CARES).

## FREQUENTLY ASKED QUESTIONS

QUESTION:	What types of businesses and entities are eligible for a PPP loan?
Answer:	<ul style="list-style-type: none"> <li>• Businesses and entities must have been in operation on February 15, 2020.</li> <li>• Small business concerns, as well as any business concern, a 501(c)(3) non-profit organization, a 501(c)(19) veterans organization, or Tribal business concern described in section 31(b)(2)(C) that has fewer than 500 employees, or the applicable <a href="#">size standard</a> in number of employees for the North American Industry Classification System (NAICS) industry as provided by SBA, if higher.</li> <li>• Individuals who operate a sole proprietorship or as an independent contractor and eligible self-employed individuals.</li> <li>• Any business concern that employs not more than 500 employees per physical location of the business concern and that is assigned a NAICS code beginning with 72, for which the affiliation rules are waived.</li> <li>• Affiliation rules are also waived for any business concern operating as a franchise that is assigned a franchise identifier code by the Administration, and company that receives funding through a Small Business Investment Company.</li> <li>• <b>NEW:</b> Seasonal employers who (1) operate for no more than seven months in a year, or (2) earned no more than 1/3 of its receipts in any six months in the prior calendar year.</li> <li>• <b>NEW:</b> Housing Cooperatives, as defined in section 216(b) of the Internal Revenue Code of 1986, and which employ no more than 300 employees.</li> <li>• <b>NEW:</b> Affiliations rules are waived for certain newspapers, TV and radio broadcasters, and non-profit public broadcasters. FCC broadcast station license holders and newspapers with no more than 500 employees per physical location or the applicable SBA size standard, as well as non-profit or tax-exempt private and public colleges and universities that have a public broadcasting station, are eligible, as long as the organization certifies that the loan will support the delivery of locally focused news or emergency information.</li> <li>• <b>NEW:</b> Organizations exempt under 501(c)(6) of the Internal Revenue Code are eligible if: <ul style="list-style-type: none"> <li>○ The organization does not receive more than 15 percent of receipts from lobbying;</li> <li>○ The lobbying activities do not comprise more than 15 percent of activities;</li> <li>○ The cost of lobbying activities of the organization did not exceed \$1,000,000 during the most recent tax year that ended prior to February 15, 2020;</li> <li>○ The organization has 300 or fewer employees;</li> <li>○ The organization is not a professional sports leagues or organizations with the purpose of promoting or participating in a political campaign or other political activities are not eligible under this section.</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>• <b>NEW:</b> Destination Marketing Organizations are eligible if: <ul style="list-style-type: none"> <li>○ The organization does not receive more than 15 percent of receipts from lobbying;</li> <li>○ The lobbying activities do not comprise more than 15 percent of activities;</li> <li>○ The organization has 300 or fewer employees; and</li> </ul> </li> <li>• The destination marketing organization is registered as a 501(c)(6) organization, a quasi-government entity, or a political subdivision of a state or local government.</li> <li>• <b><u>PLEASE NOTE:</u></b> The eligibility requirements listed in this section are for PPP first loans. The eligibility requirements are different for PPP second loans. Those details are provided below.</li> </ul>
<b>QUESTION:</b>	<b>What are affiliation rules?</b>
Answer:	Affiliation rules become important when SBA is deciding whether a business's affiliations preclude them from being considered "small." Generally, affiliation exists when one business controls or has the power to control another or when a third party (or parties) controls or has the power to control both businesses. Please see <a href="#">this resource</a> for more on these rules and how they can impact your business's eligibility.
<b>QUESTION:</b>	<b>What types of non-profits are eligible?</b>
Answer:	In general, 501(c)(3), 501(c)6, and 501(c)(19) non-profits, as well as certain non-profit public broadcasters, with 500 employees or fewer, as most non-profit SBA size standards are based on revenue, not number of employees. You can check <a href="#">here</a> .
<b>QUESTION:</b>	<b>How is the loan size determined?</b>
Answer:	<p>Depending on your business's situation, the loan size will be calculated in different ways. More detailed information can be found on SBA's website. <b>For first PPP loans</b>, the maximum loan size is always <b>\$10 million</b>.</p> <ul style="list-style-type: none"> <li>• <b>If you were in business February 15, 2019 – June 30, 2019:</b> In general, your max loan is equal to 250 percent of your average monthly payroll costs from either the previous 12 months or from calendar year 2019.</li> <li>• <b>If you were <u>not</u> in business between February 15, 2019 – June 30, 2019:</b> In general, your max loan is equal to 250 percent of your average monthly payroll costs between January 1, 2020 and February 29, 2020.</li> <li>• <b>If you took out an Economic Injury Disaster Loan (EIDL) between January 31, 2020 and April 3, 2020</b> and you want to refinance that loan into a PPP loan, you would add the outstanding loan amount to the payroll sum.</li> <li>• <b>NEW:</b> If you are a <b>seasonal business</b>, as defined above, your max loan amount is equal to 250 percent of your average monthly payroll costs based on a selected 12-week period between February 15, 2019 and February 15, 2020.</li> <li>• <b>NEW:</b> If you are a <b>farmer or rancher</b> who operates as a sole proprietor, independent contractor, self-employed individual, reports income and expenses on a Schedule F, and were in business as of February 15, 2019, you may utilize your gross income in 2019 as reported on a Schedule F to calculate your PPP loan. Lenders may recalculate loans that have been previously approved to these entities if they would result in a larger loan. This can be retroactively applied to PPP loans</li> </ul>

	<p>before, on or after the December 2020 changes to the law, except for loans that have already been forgiven.</p> <ul style="list-style-type: none"> <li>• <b>NEW:</b> If your loan calculation has increased due to changes in SBA/Treasury regulations, you may work with your lender to modify your loan regardless if it has been fully disbursed or if Form 1502 has already been submitted. If you have returned all or part of your PPP, you may reapply for the maximum amount applicable so long as you have not received forgiveness.</li> </ul>
<b>QUESTION:</b>	<b>What costs are eligible for payroll?</b>
Answer:	<ul style="list-style-type: none"> <li>• Compensation (salary, wage, commission, or similar compensation, payment of cash tip or equivalent)</li> <li>• Payment for vacation, parental, family, medical, or sick leave</li> <li>• Allowance for dismissal or separation</li> <li>• Payment required for the provisions of group health care benefits, including insurance premiums</li> <li>• Payment of any retirement benefit</li> <li>• Payment of State or local tax assessed on the compensation of employees</li> <li>• <b>New:</b> Employer-provided group insurance benefits, such as group life, disability, vision, or dental insurance. This provision applies to PPP loans made before, on, or after the December 2020 changes to the law, including forgiveness of the loan.</li> </ul>
<b>QUESTION:</b>	<b>What costs are <u>not</u> eligible for payroll?</b>
Answer:	<ul style="list-style-type: none"> <li>• Employee/owner compensation over \$100,000</li> <li>• Taxes imposed or withheld under chapters 21, 22, and 24 of the IRS code</li> <li>• Compensation of employees whose principal place of residence is outside of the U.S.</li> <li>• Qualified sick and family leave for which a credit is allowed under sections 7001 and 7003 of the <a href="#"><i>Families First Coronavirus Response Act</i></a></li> <li>• 1099 contractors are not included in your workforce for the purposes of this program because they are eligible to apply on their own.</li> </ul>
<b>QUESTION:</b>	<b>What are allowable uses of loan proceeds?</b>
Answer:	<ul style="list-style-type: none"> <li>• Payroll costs (as defined above)</li> <li>• Payments of interest on any mortgage obligation (which shall not include any prepayment of or payment of principal on a mortgage obligation)</li> <li>• Rent (including rent under a lease agreement)</li> <li>• Utilities</li> <li>• Interest on any other debt obligations that were incurred before the covered period</li> <li>• <b>NEW:</b> <u>Covered operations expenditures.</u> Payment for any software, cloud computing, and other human resources and accounting needs.</li> </ul>

	<ul style="list-style-type: none"> <li>• <b>NEW: Covered property damage costs.</b> Costs related to property damage due to public disturbances that occurred during 2020 that are not covered by insurance.</li> <li>• <b>NEW: Covered supplier costs.</b> Supplier expenditures pursuant to a contract, purchase order, or order for goods in effect prior to taking out the loan that are essential to the recipient's operations at the time at which the expenditure was made. Supplier costs of perishable goods can be made before or during the life of the loan.</li> <li>• <b>NEW: Covered worker protection expenditure.</b> Personal protective equipment and adaptive investments to help a loan recipient comply with federal health and safety guidelines or any equivalent State and local guidance related to COVID-19 during the period between March 1, 2020, and the end of the national emergency declaration.</li> </ul>
<b>QUESTION:</b>	<b>What uses are <i>not</i> allowable with loan proceeds?</b>
Answer:	Any lobbying activities, as defined by the Lobbying Disclosure Act, lobbying expenditures related to state or local campaigns, and expenditures to influence the enactment of legislation, appropriations, or regulations, are ineligible uses of PPP loans in all cases, whether the loan is forgiven or not.
<b>QUESTION:</b>	<b>How is the forgiveness amount determined?</b>
Answer:	<p>You may receive loan forgiveness equal to the sum of your payroll costs, as well as covered mortgage, rent, and utility payments, covered operations expenditures, covered property damage costs, covered supplier costs, and covered worker protection expenditures incurred during the covered period.</p> <p><b>NEW:</b> The borrower may choose a covered period ending at the point of the borrower's choosing between 8 and 24 weeks after the loan is issued.</p> <p>To receive full loan forgiveness, you must use at least 60 percent of the PPP loan for payroll costs, as defined above, and not more than 40 percent of the loan forgiveness amount on non-payroll costs. You must also maintain employee and compensation levels, excluding compensation over \$100,000. More information on forgiveness is found on the SBA website.</p>
<b>QUESTION:</b>	<b>What are the loan term, interest rate, and fees?</b>
Answer:	<p>To keep up to date on loan terms, visit SBA's PPP portal, <a href="#">here</a>.</p> <ul style="list-style-type: none"> <li>• PPP loans have an interest rate of 1 percent. Loans issued prior to June 5 have a maturity of 2 years. Loans issued after June 5 have a maturity of 5 years.</li> <li>• Loan payments will be deferred for borrowers who apply for loan forgiveness until SBA remits the borrower's loan forgiveness amount to the lender. If a borrower does not apply for loan forgiveness, payments are deferred 10 months after the end of the covered period for the borrower's loan forgiveness (8 to 24 weeks).</li> <li>• No collateral or personal guarantees are required.</li> </ul> <p>Neither the government nor lenders will charge small businesses any fees.</p>
<b>QUESTION:</b>	<b>How do I apply for a PPP loan?</b>
Answer:	All current SBA 7(a) lenders (see more about <a href="#">7(a) here</a> ) are eligible lenders for PPP. The Department of Treasury is in charge of authorizing new lenders, including non-bank lenders, to help meet the needs of small business owners. A more expansive list of eligible lenders by state can be found <a href="#">here</a> .

	<b>NEW:</b> Farm Credit System Institutions are now eligible to issue PPP loans.
<b>QUESTION:</b>	<b>How do I apply for forgiveness?</b>
Answer:	<p>You can apply for forgiveness once you have used all loan proceeds for which you are requesting forgiveness. You can apply for forgiveness any time up to the maturity date of the loan. If you do not apply for forgiveness within 10 months after the last day of the covered period, then PPP loan payments are no longer deferred and you will begin making loan payments to your PPP lender.</p> <p>For loans of more than \$150,000, contact your lender and complete the correct form, compile the required documentation, including payroll and non-payroll documentation, and submit all of this to your lender.</p> <p><b>NEW: If your loan is \$150,000 or less,</b> there is a simplified forgiveness process. Your loan can be forgiven if you sign and submit to your lender a one-page certification attesting that you accurately provided the required certification and complied with PPP loan requirements. The SBA will establish this form for you to sign which will require that you provide:</p> <ul style="list-style-type: none"> <li>• A description of the number of employees you were able to retain because of the covered loan;</li> <li>• The total amount of the loan spent on both payroll costs; and</li> <li>• Total loan amount.</li> </ul> <p>Additionally, borrowers are required to retain relevant records related to employment for four years and other records for three years. Check with your lender for more details.</p>
<b>QUESTION:</b>	<b>How does a PPP loan coordinate with SBA's existing loans?</b>
Answer:	<p>Borrowers may apply for PPP loans and other SBA financial assistance, including Economic Injury Disaster Loans (EIDLs), 7(a) loans, 504 loans, and microloans, and also receive investment capital from Small Business Investment Corporations (SBICs). However, you cannot use your PPP loan for the same purpose as your other SBA loan(s). For example, if you use your PPP to cover payroll for the covered period, you cannot use a different SBA loan product for payroll for those same costs in that period, although you could use it for payroll not during that period or for different workers.</p>
<b>QUESTION:</b>	<b>How does the PPP loan work with the Economic Injury Disaster Loan (EIDL) Advances, the Small Business Debt Relief program, and the Shuttered Venue Grant program?</b>
Answer:	<p>Entities that receive a grant under the Shuttered Venue Grant program are prohibited from obtaining a PPP loan.</p> <p>EIDL recipients and those who receive loan payment relief through the <a href="#">Small Business Debt Relief Program</a> may apply for and take out a PPP loan as long as there is no duplication in the uses of funds. Refer to those sections for more information.</p> <p><b>NEW:</b> PPP borrowers are no longer required to deduct the amount of their EIDL advance from their PPP forgiveness amount.</p>
<b>QUESTION:</b>	<b>Can I take out a second PPP loan?</b>
Answer:	<p><b>NEW:</b> You may be eligible to take out a second PPP loan of up to \$2 million if you are a business, certain non-profit organization, housing cooperative, veterans' organization, tribal business, self-employed individual, sole proprietor, independent contractor, or small agricultural co-operative that:</p>

	<ul style="list-style-type: none"> <li>• Employs not more than 300 employees;</li> <li>• Has used or will use the full amount of its first PPP; and</li> <li>• Demonstrates at least a 25 percent reduction in gross receipts in the first, second, or third quarter of 2020 relative to the same 2019 quarter (or an applicable timeline if the business was not in operation in 2019). Applications submitted on or after January 1, 2021 are eligible to utilize the gross receipts from the fourth quarter of 2020.</li> <li>• SBA will be releasing guidance on what financial statements can be used to indicate this 25% revenue loss in the application process.</li> </ul> <p>Check with your lender to further confirm your eligibility.</p>
<b>QUESTION:</b>	<b>How is the second PPP loan size determined?</b>
Answer:	<p>In general, similar to the initial PPP loan, you may receive a loan of up to 250 percent of the average monthly payroll costs in the one year prior to the loan or the calendar year. The maximum loan amount for second draw PPP loans is \$2 million.</p> <p>As with initial PPP loans, seasonal employers may calculate their maximum loan amount based on a 12-week period beginning February 15, 2019 through February 15, 2020.</p> <p><b>NEW:</b> Entities in industries assigned to NAICS code 72 (Accommodation and Food Services) may receive second draw loans of up to 350 percent of the average monthly payroll costs.</p>
<b>QUESTION:</b>	<b>Is my second PPP loan similar to my first?</b>
Answer:	<p>Many of the terms and processes for the initial PPP loans will remain the same for second draw PPP loans. For second draw PPP loans:</p> <ul style="list-style-type: none"> <li>• Neither the government nor lenders will charge small businesses any fees.</li> <li>• If your loan is \$150,000 or less, you may submit a certification attesting that your entity meets the revenue loss requirements on or before the date your entity submits its loan forgiveness application.</li> <li>• Waivers of affiliation rules that applied during initial PPP loans apply to a second loan.</li> <li>• Businesses with multiple locations that are eligible entities under the initial PPP requirements may employ not more than 300 employees per physical location.</li> <li>• Borrowers of a PPP second draw loan would be eligible for loan forgiveness equal to the sum of their payroll costs, as well as covered mortgage, rent, and utility payments, covered operations expenditures, covered property damage costs, covered supplier costs, and covered worker protection expenditures incurred during the covered period. The 60/40 cost allocation between payroll and non-payroll costs in order to receive full forgiveness will continue to apply.</li> </ul> <p>Contact your lender to apply for a second draw PPP loan. <b>More information on lenders is included below.</b></p>

## **How to Find a PPP Lender**

To apply for a first or second PPP loan, you must work through a lender that is approved to participate in PPP. You should review the list of approved lenders to see if yours is included or what lenders from your community are participating. A list of approved lenders is available on SBA's website [here](#).

**PLEASE NOTE:** Some lenders that have been approved to participate in PPP may not sign up to participate again for the second round. Be sure to contact the lender directly to discuss whether they will be participating. The list of approved lenders on SBA's website will also be updated.

### **Community-based Lenders (CDFIs, MDIs, and More)**

Throughout this crisis, Senator Schumer has championed expanded access to PPP for underserved borrowers, including churches, nonprofits, and minority-owned businesses.

In the recent COVID relief bill, he was successful in including a dedicated \$15 billion set-aside for loans issued by mission-lenders, including community development financial institutions (CDFIs), minority-depository institutions (MDIs), and SBA 504/CDC and Microlenders. An addition \$15 billion set-aside was also included for lending through smaller community banks and credit unions.

**If your lender is not participating already in PPP, you have been turned down for a loan, or you do not have a bank you already do business with, you should work with a community-based lender to try to access the program.** These community-based lenders specialize in assisting underserved and unbanked applicants.

A list of CDFI, MDI, and microlenders in New York State are listed on the next page. This list is evolving and may not include all participating lenders but it can serve as a starting place to identify a participating lender.

You can also find contact information for community-based lenders near you using the following lists:

- A list of **Community Development Financial Institutions (CDFIs)** can be found [here](#).
- A list of **504/Community Development Corporations** can be found [here](#).
- A list of **Microlenders** can be found [here](#).

Not all of these lenders are approved to participate in PPP, so you should once again double check if a lender near you is on the list of approved lenders available on SBA's website [here](#).

**PLEASE NOTE:** To reiterate, some lenders that have been approved to participate in PPP may not sign up to participate again for the second round. Be sure to contact the lender directly to discuss whether they will be participating. The list of approved lenders on SBA's website will also be updated.

If you are still having a challenge finding a lender to work with or accessing PPP in any way, you can contact the New York State Small Business Development Center (SBDC) to receive assistance, free-of-charge. Contact information for SBDC centers around the state can be found [here](#).

**Also, please do not hesitate to contact Senator Schumer's office if you encounter any challenges with these programs or otherwise. Contact information for each of Senator Schumer's offices can be found [here](#).**

<b>CDFI Lender Name</b>	<b>City</b>
Accion East, Inc.	New York City
Alternatives FCU	Ithaca
BOC Capital Corporation	Brooklyn
Brooklyn Cooperative FCU	New York City
Carver Federal Savings Bank	New York City
Community Capital Resources	Elmsford
Concord FCU	New York City
Empire Financial FCU	Hicksville
Empower FCU	Syracuse
Genesee Co-Op FCU	Rochester
Grow America Fund, Incorporated	New York City
Harlem Entrepreneur Fund	New York City
Lower East Side People's FCU	New York City
Neighborhood Trust FCU	New York City
New York City Business Development Corporation	New York City
New York University FCU	New York City
Oswego County FCU	Oswego
Ponce Bank	New York City
Pursuit	Albany
Renaissance Economic Development Corporation	New York
Savoy Bank	New York City
Spring Bank	New York City
TruFund Financial Services, Inc.	New York City

<b>MDI Lender Name</b>	<b>City</b>
Abacus Federal Savings Bank	New York City
Amerasia Bank	New York City
Brooklyn Cooperative FCU	New York City
Carver Federal Savings Bank	New York City
Empire Financial FCU	Hicksville
Everest FCU	New York City

Global Bank	New York City
Korean American Catholics FCU	New York City
Lower East Side People's FCU	New York City
New York University FCU	New York City
NewBank	New York City
Piermont Bank	New York City
Ponce Bank	New York City
Popular Bank	New York City
Shinhan Bank America	New York City
Woori America Bank	New York City

Microlender Name	Street	City	Zip	No. of Locations
Accion East, Inc.	85 Broad Street, 18th Floor	New York	10004	1 in NY
Accompany Capital Inc.	120 Broadway, Suite 230	New York	10271	1
Adirondack Economic Development Corporation	67 Main St., Suite 300	Saranac	12983	1
Ascendus, Inc.	80 Maiden Lane	New York	10038	3
BOC Capital Corporation	85 S. Oxford Street	Brooklyn	11217	1
Columbia Economic Development Corp. dba Choose Columbia	4303 Route 9	Hudson	12534	2
Community Capital New York, Inc.	44 Executive Blvd	Elmsford	10523	2
NYBDC Local Development Corporation dba Pursuit	50 Beaver Street, Suite 6	Albany	12207	1
Pathstone Enterprise Center, Inc.	400 East Avenue	Rochester	14607	1
REDEC Relending Corp. (REDEC/RRC)	109 Canada Road	Painted Post	14870	1
Renaissance Economic Development Corporation	2 Allen Street, 7th Floor	New York	10002	1
TruFund Financial Services, Inc.	39 West 37 Street, 7th Floor	New York	10018	1 in NY
Westminster Economic Development Initiative, Inc.	436 Grant Street	Buffalo	14213	1

## Economic Injury Disaster Loans (EIDL) & Targeted Advances

The *CARES Act* created the Targeted EIDL Advance program to provide emergency grants of up to \$10,000 to small businesses and other eligible entities harmed by COVID-19. To access the advance, eligible entities were to first apply for an EIDL loan 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. Targeted EIDL Advance recipients do not have to be approved for an EIDL loan to receive the Targeted EIDL Advance.

Due to high demand and limited funding after the passage of the *CARES Act*, the SBA placed limitations on the grant amounts determined by the number of employees indicated on the EIDL application: \$1,000/employee, up to the maximum of \$10,000. On July 11<sup>th</sup>, 2020, funding for the EIDL Advance program lapsed and Advances were no longer available.

**NEW:** The end-of-year COVID-19 relief package replenishes the Targeted EIDL Advance program, targets the \$10,000 advances to eligible entities in low-income communities, and extends the covered period through December 31, 2021.

**PLEASE NOTE:** The SBA will be releasing further guidance in the days and weeks ahead, so this information is subject to change. This guide will be updated as new information becomes available.

### FREQUENTLY ASKED QUESTIONS

<b>QUESTION:</b>	<b>What is an EIDL and what is it used for?</b>
Answer:	EIDLs are lower interest loans of up to \$2 million, with principal and interest deferment at the SBA Administrator’s discretion, that are available to pay for expenses that could have been met had the disaster not occurred, including payroll and other operating expenses.  Due to high demand, the SBA has implemented a cap on EIDL loans at \$150,000.
<b>QUESTION:</b>	<b>Who is eligible for an EIDL?</b>
Answer:	Those eligible are the following with 500 or fewer employees: <ul style="list-style-type: none"> <li>• Sole proprietorships, with or without employees</li> <li>• Independent contractors</li> <li>• Cooperatives and employee owned businesses</li> <li>• Agricultural enterprises</li> <li>• Tribal small businesses</li> </ul> <p>Small business concerns and small agricultural cooperatives that meet the applicable size standard for SBA are also eligible, as well as most private non-profits of <b>any</b> size. See <a href="#">below</a> for more info on size standards.</p>
<b>QUESTION:</b>	<b>My private non-profit is not a 501(c)(3). Is it still eligible for an EIDL?</b>
Answer:	Yes, if you are a private non-profit with an effective ruling letter from the IRS, granting tax exemption under sections 501(c), (d), or (e) of the Internal Revenue Code of 1954, <b>or</b>

	<p>if you can provide satisfactory evidence from the State that the non-revenue producing organization or entity is a non-profit one organized or doing business under State law.</p> <p>However, a recipient that is primarily engaged in political or lobbying activities is not eligible to receive an EIDL. If you are uncertain whether you qualify, please consult with legal counsel to determine whether your organization meets program criteria.</p>
<b>QUESTION:</b>	<b>Am I eligible for a Targeted EIDL Advance?</b>
Answer:	<p>The year-end COVID-19 relief legislation provides additional funding for targeted \$10,000 grants through the EIDL Advance program. Those eligible are entities that:</p> <ul style="list-style-type: none"> <li>• Are eligible for an EIDL and apply during the covered period from January 31, 2020 through December 31, 2021;</li> <li>• Are located in a low-income community, as defined by Section 45D(e) of the Internal Revenue Code;</li> <li>• Have suffered an economic loss of greater than 30 percent; and</li> <li>• Employ not more than 300 employees.</li> </ul>
<b>QUESTION:</b>	<b>What is considered an “economic loss”?</b>
Answer:	<p>For purposes of the Targeted EIDL Advance, an “economic loss” is the amount by which your business’ gross receipts declined during an 8-week period between March 2, 2020 and December 31, 2021, relative to a comparable 8-week period immediately preceding March 2, 2020, or during the 2019 calendar year. If you are a seasonal business, the SBA Administrator may determine an appropriate amount to consider an economic loss.</p>
<b>QUESTION:</b>	<b>What if I already received an EIDL Advance in an amount less than \$10,000?</b>
Answer:	<p>Eligible entities, as defined above, that already received an EIDL Advance under the <i>CARES Act</i> are eligible to receive additional funds equal to the difference of what the entity received under the <i>CARES Act</i> and \$10,000. For example, if you received an EIDL Advance equal to \$1,000, you may be eligible to receive an additional \$9,000 grant.</p> <p>To secure these additional funds, you must submit a request to the SBA Administrator, subject to a verification process.</p>
<b>QUESTION:</b>	<b>What if I already applied for an EIDL and did not receive an EIDL Advance?</b>
Answer:	<p>If you are an eligible entity that already applied for EIDL and did not receive an EIDL Advance because funding had run out, you may request the \$10,000 Targeted EIDL Advance from SBA.</p>
<b>QUESTION:</b>	<b>If I get an EIDL and/or a Targeted EIDL Advance, can I get a PPP loan?</b>
Answer:	<p>Whether you’ve already received an EIDL unrelated to COVID-19 or you receive a COVID-19 related EIDL and/or Targeted EIDL Advance, you may also apply for a PPP loan. However, you cannot use your EIDL for the same purpose as your PPP loan. For example, if you use your EIDL to cover payroll for certain workers in April, you cannot use PPP for payroll for those same workers in April, although you could use it for payroll in March or for different workers in April.</p> <p><b>NEW:</b> The end-of-year COVID-19 relief package eliminates the requirement that PPP borrowers deduct the amount of the EIDL Advance from their PPP forgiveness amount. This can be retroactively applied to PPP loans before, on or after the December 2020 changes to the law. The SBA is also directed to issue regulations that allow PPP borrowers</p>

	who already received forgiveness to be made whole if their EIDL Advance was deducted from their forgiveness amount.
<b>QUESTION:</b>	<b>How do I know if my business is a small business?</b>
Answer:	Please visit <a href="https://www.sba.gov/size-standards/">https://www.sba.gov/size-standards/</a> to find out if your business meets SBA's small business size standards. You will need the 6-digit North American Industry Classification Code for your business and your business's 3-year average annual revenue.
<b>QUESTION:</b>	<b>How do I apply for an economic injury disaster loan or Targeted EIDL Advance?</b>
Answer:	You apply directly to SBA for both an EIDL loan and EIDL cash advance grant. You do <b>NOT</b> work through outside lenders. To apply for an EIDL online, please visit <a href="https://covid19relief.sba.gov/#/">https://covid19relief.sba.gov/#/</a> . Your <a href="#">SBA District Office</a> is an important resource when applying for SBA assistance.
<b>QUESTION:</b>	<b>I am unfamiliar with the EIDL process, can anyone help me apply?</b>
Answer:	Yes, SBA resource partners are available to help guide you through the EIDL application process. You can find the nearest Small Business Development Center (SBDC), Women's Business Center, or SCORE mentorship chapter at <a href="https://www.sba.gov/local-assistance/find/">https://www.sba.gov/local-assistance/find/</a> .

### **Small Business Debt Relief Program**

Established by the *CARES Act*, this program provides immediate relief to small businesses with non-disaster SBA loans, in particular 7(a), 504, and microloans. Under it, the SBA pays 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.

**NEW:** Borrowers who received relief for six months under the *CARES Act* will have SBA resume payments of payment and interest (P&I) for an additional three months beginning in February 2021. Going forward, those payments will be capped at \$9,000 per borrower per month. After that three-month period, the hardest-hit and smallest borrowers will be eligible to receive an additional five months of relief, also capped at \$9,000 per borrower per month. SBA payments of P&I on the first 6 months of newly approved loans will resume for all loans approved between February 1 and September 30, 2021, capped at \$9,000 per month.

The most up-to-date information on the debt relief program can be found on the SBA's website [here](#).

<b>QUESTION:</b>	<b>Which SBA loans are eligible for debt relief under this program?</b>
Answer:	7(a) loans not made under the Paycheck Protection Program (PPP), 504 loans, and microloans. Disaster loans are not eligible (see <a href="#">page 11</a> for more information on these).
<b>QUESTION:</b>	<b>How does debt relief under this program work with a PPP loan?</b>
Answer:	Borrowers may separately apply for and take out a PPP loan, but debt relief under this program will not apply to a PPP loan.
<b>QUESTION:</b>	<b>How do I know if I'm eligible for a 7(a), 504, or microloan?</b>
Answer:	In general, businesses must meet <a href="#">size standards</a> , be based in the U.S., be able to repay, and have a sound business purpose. To check whether your business is considered small, you will need your business's 6-digit North American Industry Classification System (NAICS) code

	and 3-year average annual revenue. Each program has different requirements, see <a href="https://www.sba.gov/funding-programs/loans">https://www.sba.gov/funding-programs/loans</a> for more details.
<b>QUESTION:</b>	<b>What is a 7(a) loan and how do I apply?</b>
Answer:	7(a) loans are an affordable loan product of up to \$5 million for borrowers who lack credit elsewhere and need access to versatile financing, providing short-term or long-term working capital and to purchase an existing business, refinance current business debt, or purchase furniture, fixtures and supplies. In the program, banks share a portion of the risk of the loan with SBA. There are many different types of 7(a) loans, you can visit <a href="#">this site</a> to find the one that's best for you. You can apply for a 7(a) loan with a bank or a mission-based lender. SBA has a free referral service tool called <a href="#">Lender Match</a> to help find a lender near you.
<b>QUESTION:</b>	<b>What is a 504 loan and how do I apply?</b>
Answer:	The <a href="#">504 Loan Program</a> provides loans of up to \$5.5 million to approved small businesses with long-term, fixed-rate financing used to acquire fixed assets for expansion or modernization. It is a good option if you need to purchase real estate or machinery. You apply through a Certified Development Company, which is a non-profit corporation promoting economic development. SBA has a free referral service tool called <a href="#">Lender Match</a> to help find a lender near you.
<b>QUESTION:</b>	<b>What is a microloan and how do I apply?</b>
Answer:	The <a href="#">Microloan Program</a> provides loans up to \$50,000 to help small businesses and certain not-for-profit childcare centers to start up and expand. The average microloan is about \$13,000. These loans are delivered through mission-based lenders who are also able to provide business counseling. SBA has a free referral service tool called <a href="#">Lender Match</a> to help find a microlender near you.
<b>QUESTION:</b>	<b>I already have a qualifying SBA loan. Do I need to do anything to access this relief?</b>
Answer:	No, the payments will be provided automatically. Contact your lender with any questions about this debt relief.
<b>QUESTION:</b>	<b>Am I eligible for the additional five months of relief after the initial three-month period?</b>
Answer:	<p>All borrowers with qualifying loans approved by the SBA prior to the <i>CARES Act</i> will receive an additional three months of P&amp;I, starting in February 2021. An additional five months (eight total) of relief is targeted to borrowers with the smallest loans, located in underserved markets, or operating in the hardest-hit sectors. They include:</p> <ul style="list-style-type: none"> <li>• Borrowers with SBA microloans or 7(a) Community Advantage loans;</li> <li>• Borrowers with any 7(a) or 504 loan in the hardest-hit sectors, as measured by the severity of sector-wide job losses since the start of the pandemic, including food service and accommodation; arts, entertainment, and recreation; charter bus and ground transportation; education; and laundry and personal care services. The following two- and three-digit NAICS code categories are covered: 61, 71, 72, 213, 315, 448, 451, 481, 485, 487, 511, 512, 515, 532, and 812.</li> </ul> <p>These payments are capped at \$9,000 per borrower per month.</p>

<b>QUESTION:</b>	<b>I am already receiving SBA debt relief on one loan. Can I receive additional SBA debt relief on a second loan?</b>
Answer:	Any business or applicant may only receive payment of P&I for one loan approved after <i>CARES Act</i> enactment. Borrowers receiving relief on one loan approved prior to the <i>CARES Act</i> may still receive P&I payments on one qualifying new loan taken out after the <i>CARES Act</i> .
<b>QUESTION:</b>	<b>I am unfamiliar with SBA loans, can anyone help me apply?</b>
Answer:	Yes, SBA resource partners are available to help guide you through the loan application process. You can find your nearest Small Business Development Center (SBDC) or Women's Business Center <a href="#">here</a> .

## **Save Our Stages (SOS): Shuttered Venue Operator Grants**

**NEW:** Established by the recent COVID relief legislation, this program will provide relief in the form of grants to live venue operators or promoters who have been significantly adversely affected by the economic effects of the COVID-19 pandemic. The SBA is working to establish and launch this program in the coming days and weeks.

**PLEASE NOTE:** Details on this program will be changing as the SBA works to finalize implementation. The most up-to-date information on this program can be found on the SBA website [here](#).

### **FREQUENTLY ASKED QUESTIONS**

<b>QUESTION:</b>	<b>What types of businesses and entities are eligible for a Save Our Stages (SOS) Grant?</b>
Answer:	Businesses and entities must have been in operation on February 15, 2020 and demonstrate at least a 25% reduction in gross revenues in the first, second, third, or fourth quarters in 2020 as compared to the same quarter in 2019. Eligible entities include: <ul style="list-style-type: none"> <li>• Live venue operators or promoters</li> <li>• Theatrical producers</li> <li>• Live performing arts organization operators</li> <li>• Museum operators</li> <li>• Motion picture theatre operators</li> <li>• Talent representatives</li> </ul>
<b>QUESTION:</b>	<b>What is the maximum grant amount that my venue or business can receive?</b>
Answer:	The Small Business Administration may award an initial grant of up to \$10 million dollars and, if funding is available, a supplemental grant that is equal to 50% of the initial grant. However, the total amount received by an entity for an initial and supplemental grant may not exceed \$10 million.

<b>QUESTION:</b>	<b>How is the grant award amount calculated?</b>
Answer:	<p>Grant awards are calculated based on which is the lesser amount of:</p> <ol style="list-style-type: none"> <li>1. The amount equal to 45% of the gross earned revenue during 2019, if in operation on January 1, 2019 (for entities that began operations after January 1, 2019, this amount would be equal to 6x the average monthly gross earned revenue for each full month during 2019); and</li> <li>2. \$10,000,000</li> </ol>
<b>QUESTION:</b>	<b>When will I receive my SOS grant?</b>
Answer:	<p>Grants will be awarded based on the amount of financial loss that your operation has experienced:</p> <ul style="list-style-type: none"> <li>• In the initial 14-day period of implementation, the Small Business Administration will award grants to eligible entities that have experienced a 90% or greater revenue loss between April 1, 2020 and Dec. 31, 2020, as compared to the same period in 2019.</li> <li>• In the next 14-day period after the first 14-day period of implementation, the Small Business Administration will award grants to eligible entities that have experienced a 70% or greater revenue loss between April 1, 2020 and Dec. 31, 2020, as compared to the same period in 2019.</li> <li>• After these two periods, grants will be awarded to all other eligible entities.</li> </ul>
<b>QUESTION:</b>	<b>My eligible entity employs less than 50 people full-time. What protections are in place for small operators like me?</b>
Answer:	<p>In the initial 60 days of implementation, the Small Business Administration will set aside \$2 billion nationwide for small entities that employ less than 50 full-time equivalent (FTE) employees. An employee working 30 hours or more per week is one FTE, and an employee working between 10 – 30 hours per week is one-half FTE. After the 60 day period, any remaining funds will be made available to other eligible entities.</p>
<b>QUESTION:</b>	<b>What are eligible uses of the Shuttered Venue Operator grant?</b>
Answer:	<p>Eligible uses include:</p> <ul style="list-style-type: none"> <li>• payroll costs</li> <li>• rent or mortgage</li> <li>• utilities</li> <li>• payments made to independent contractors, as reported on Form-1099 MISC</li> <li>• ordinary business expenses such as maintenance, licensing fees, taxes, operating leases, insurance policies, advertising, and production transportation.</li> <li>• worker protection items, e.g. personal protective equipment</li> </ul>

## Counseling & Training

If you, like many small business owners, need a business counselor to help guide you through this uncertain time, you can turn to your local Small Business Development Center (SBDC), Women’s Business Center (WBC), or SCORE mentorship chapter. These resource partners, and the associations that represent them, have received additional funds to expand their reach and better support small business owners with counseling and up-to-date information regarding COVID-19. To find a local resource partner, visit <https://www.sba.gov/local-assistance/find/>.

In addition, the Minority Business Development Agency’s Business Centers (MBDCs), which cater to minority business enterprises of all sizes, have received funding to hire staff and provide programming to help their clients respond to COVID-19. Not every state has a MBDC. To find out if there is one that services your area, visit [this site](#). Another useful tool is the Federal Resources for Small Businesses website that consolidates COVID-19 information and resources across the federal government. Find out more [here](#).

<b>FREQUENTLY ASKED QUESTIONS</b>	
<b>QUESTION:</b>	<b>Do I have to pay for counseling and training through SBDCs, WBCs, and MBDCs?</b>
Answer:	Counseling is free and training is low-cost with these partners. The additional funds that Congress provided will help keep this possible. Mentorship through SCORE is always free.
<b>QUESTION:</b>	<b>What is a SBDC?</b>
Answer:	SBDCs are a national network of nearly 1,000 centers that are located at leading universities, colleges, state economic development agencies and private partners. They provide counseling and training to new and existing businesses. Each state has a lead center that coordinates services specifically for that state, which you can find by clicking the link above. To find out more about SBDCs, visit <a href="https://americassbdc.org/about-us/">https://americassbdc.org/about-us/</a> .
<b>QUESTION:</b>	<b>What is a WBC; is it only for women?</b>
Answer:	WBCs are a national network of more than 100 centers that offer one-on-one counseling, training, networking, workshops, technical assistance and mentoring to entrepreneurs on numerous business development topics. In addition to women, WBCs are mandated to serve the needs of underserved entrepreneurs, including low-income entrepreneurs. They often offer flexible hours to meet the needs of their diverse clientele. To find out more about WBCs, visit <a href="https://www.awbc.org/">https://www.awbc.org/</a> .
<b>QUESTION:</b>	<b>What is SCORE?</b>
Answer	SCORE provides free, confidential business advice through our volunteer network of 10,000+ business experts. You can meet with a mentor online. Find out more <a href="#">here</a> .
<b>QUESTION:</b>	<b>Who do MBDCs serve?</b>
Answer:	MBDCs are a good option for minority-owned businesses (including those owned by Black, Hispanic, Asian American/Pacific Islander, and American Indian business owners), especially those seeking to penetrate new markets — domestic & global — and grow in size and scale.

## Contracting

If you are a government contractor, there are a number of ways that Congress has provided relief and protection for your business.

The current 9-year limit on a small business's participation in the Small Business Administration's (SBA's) 8(a) Business Development Program is extended to 10 years. Small businesses are eligible for the extension if they were 8(a) certified on or before September 9, 2020—180 days after the Trump administration declared the COVID-19 pandemic a national emergency.

Agencies are able to modify terms and conditions of a contract and to reimburse contractors at a billing rate of up to 40 hours per week of any paid leave, including sick leave until March 31, 2021. The contractors eligible are those whose employees or subcontractors cannot perform work on site and cannot telework due to federal facilities closing because of COVID-19.

If you need additional assistance, please reach out to your [local](#) Small Business Development Center, Women's Business Center, SCORE chapter, or SBA District Office. You should also work with your agency's contracting officer, as well as the agency's Office of Small and Disadvantaged Business Utilization (OSDBU).

## Small Business Tax Provisions

### **Employee Retention Credit for Employers Subject to Closure or Experiencing Economic Hardship**

The new relief bill expands and extends for six months the Employee Retention Tax Credit, which is a refundable payroll tax credit established in the *CARES Act* and designed to help employers who are subject to closure or experiencing economic hardship due to the pandemic. Specifically, the credit is available to employers, including businesses, certain public instrumentalities, and non-profits of all sizes, whose operations have been fully or partially suspended as a result of a government order limiting commerce, travel or group meetings, or which have experienced a significant decline in gross receipts during the calendar quarter. Starting January 1, 2021, this legislation increases the credit rate from 50 percent to 70 percent of qualified wages paid by eligible employers to certain employees during the COVID-19 crisis. It also expands the eligibility of the credit by reducing the required year-over-year quarterly gross receipts decline from 50 percent to 20 percent.

Starting in January 2021, the bill increases the 100-employee delineation for determining the relevant qualified wage base to employers with 500 or fewer employees. This means that eligible employers with 500 or fewer full-time employees will be able to claim all wages paid to employees regardless of whether an employee is furloughed. For employers with more than 500 full-time employees, only wages of employees who are furloughed or face reduced hours as a result of their employer's closure or economic hardship are eligible for the credit. The credit is refundable for all employers and advanceable for employers with 500 or less employees. Instead of waiting until the next tax filing, these smaller employers can receive up to a full quarter's worth of credits upfront, using prior year payroll information, to help cover payroll costs.

Additionally, the bill increases the limit on per-employee creditable wages from \$10,000 annually to \$10,000 for each quarter, starting January 2021. This will allow employers to claim up to a total maximum credit amount per eligible employee of \$14,000 for the first two quarters in 2021. The credit is provided for wages and compensation, including health benefits. Wages do not include those taken into account for purposes of the payroll credits for paid sick leave or paid family leave, nor for wages taken into account for the employer credit for paid family and medical leave (IRC sec. 45S). The credit is provided through July 1, 2021.

- **Under the COVID relief legislation passed into law in December 2020, the credit will be available to employers receiving assistance through the Paycheck Protection Program with respect to wages paid that are not counted towards the employer's loan forgiveness, retroactive to the effective date of the CARES Act. Updated IRS guidance on this credit is forthcoming and will be available [here](#).**

### **Clarification of Tax Treatment of Paycheck Protection Program Loans and other SBA Financial Assistance Programs**

The bill specifies that forgiven Paycheck Protection Program (PPP) loans will not be included in taxable income. It also clarifies that otherwise-allowable deductions are allowed for expenses paid with proceeds of a forgiven PPP loan, effective as of the date of enactment of the *CARES*

*Act* and applicable to subsequent PPP loans. This same tax treatment also applies to Targeted EIDL Advance grants, grants for shuttered venues, and certain other loan repayment assistance.

- **IRS guidance on this clarification of tax treatment can be found [here](#).**

### **Paid Sick and Family Leave Tax Credits**

This legislation extends the refundable payroll tax credits for paid sick and family leave, enacted in the *Families First Coronavirus Response Act*, through March 31, 2021. Employers that elect to provide this paid leave to employees as though the corresponding employer mandates in FFCRA were extended through the end of March 2021 may receive payroll tax credits for such leave.

- **Updated IRS guidance on these credits can be found [here](#).**

### **Delay of Payment of Employer Payroll Taxes**

The *CARES Act* allows taxpayers to defer paying the employer portion of certain payroll taxes through the end of 2020, with all 2020 deferred amounts due in two equal installments, one at the end of 2021, the other at the end of 2022. Payroll taxes that can be deferred include the employer portion of FICA taxes, the employer and employee representative portion of Railroad Retirement taxes (that are attributable to the employer FICA rate), and half of SECA tax liability. No changes were made to the employer payroll tax deferral in this new relief legislation.

- **The *PPP Flexibility Act*, enacted in June 2020, amended section 2302 of the *CARES Act* to allow an employer that receives a PPP loan to defer the payment and deposit of the employer's share of payroll tax, even if the loan is forgiven. IRS guidance regarding the deferral can be found [here](#).**