



U.S. Small Business
Administration



SBA Disaster Loan Program Updates

**Paycheck Protection Program
(PPP) Forgiveness Update
Economic Injury Disaster Loans (EIDL)**

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July 21, 2020

Small Business Economic Relief

Tools Made Available in Response to Coronavirus (COVID-19)

CARES Act



Paycheck Protection Program



Economic Injury Disaster Loan

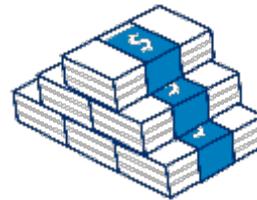


SBA Debt Relief

SBA Base Programs Expanded



Economic Injury Disaster Loans
Includes deferment through 2020



Traditional SBA-backed Lending
*7(a) Loan
504 Loan*



No-Cost Business Advising
Kansas SBDC and SCORE

CARES Act

Created Small Business Emergency Capital & Payment Relief

Paycheck Protection Program

- Keep workers on payroll
- Up to \$10 million
- Forgivable loan if 60% used for payroll costs



Economic Injury Disaster Loan

- Working capital to help pay your business obligations for 6 months
- 3.75% interest
- 30-year term, no pre-payment penalty



SBA Debt Relief on 7a and 504 loans

- For existing 7a and 504 loans approved prior to March 27, 2020
- For new 7a and 504 loans approved after March 27th through September 27th
- SBA will make six months of loan payments



Paycheck Protection Program

PPP Application Deadline + Information Sources

HOW a small business can apply before **August 8, 2020** deadline?

Through a local, SBA lending institution; lenders can be found at www.sba.gov/paycheckprotection/find.

Lenders may start **submitting** PPP Loan Forgiveness information to the SBA for processing on Monday, **August 10, 2020**

WHERE can a business get more information about PPP? Go to:

SBA website: www.sba.gov/paycheckprotection

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



Paycheck Protection Program

Eligibility & What it Provides

WHO is eligible:

Small business that meets SBA's size standards (either industry based or alternative size)

Any business, 501(c)(3) non-profit organization, 501(c)(19) veterans org, or Tribal business concern with the greater of:

- 500 employees, or
- Businesses in the Accommodations and Food Services sector with more than one physical location and employs less than 500 per location

Sole proprietors, independent contractors, and self-employed persons

Hospitals: for-profit and nonprofit, if they receive <50% of funding from state and local government, not counting Medicaid, and are exempt from taxation under section 115 of the Internal Revenue Code

WHAT does it provide:

An up to \$10 million loan, with a 2-year term (now 5 year term for loans approved after June 5, 2020) and 1% interest rate of which up to eight weeks (now 24) of eligible expenses are forgivable for those that retain their employees on payroll and use at least 60% of loan proceeds on payroll costs

PPP Details – Loan Amount Calculations

As of July 21, 2020

Employers with W-2 employees

Payroll expenses – you must use **at least 60%** of these funds for employee compensation during the 8 to 24-week period.

- See **pages 10-11** of Interim Final Rule that defines qualifying payroll costs and excluded costs:
<https://home.treasury.gov/system/files/136/PPP--IFRN%20FINAL.pdf>

- See **pages 6-13** of the **changes** to the first Interim Final Rule:
<https://home.treasury.gov/system/files/136/PPP-IFR-Revisions-to-First-Interim-Final-Rule.pdf>

Qualified business expenses you pay for during 8 to 24-week period:

- Mortgage interest - not principal, no pre-payment
- Business rent paid
- Business Utilities paid (with service agreements in existence before Feb. 15, 2020)

Forgiveness based on 60% or more of PPP loan spent on qualified payroll costs + up-to 40% of operating expenses during the 8 to 24-week period.

See: https://www.sba.gov/sites/default/files/2020-06/How-to-Calculate-Loan-Amounts-508_1.pdf

PPP Details – Loan Amount Calculations

Self-employed, no employees

- 2019 Schedule C, line 31 net profit capped at \$100,000 (or Sched. F line 34)
- Average monthly net profit line 31 / 12 x 2.5 = **max loan amount** (\$20,833)
- **Forgiveness** for owner compensation + qualified expenses
 - Owner compensation = 2019 Schedule C, line 31 net profit divided by 52 weeks
 - Amount from above x 8 weeks = max owner compensation (\$15,385)
- Other qualified expenses (up-to 40% of loan) are allowable for the following items that you claimed or are entitled to claim a deduction for on the 2019 Schedule C or F that you pay for during the covered period following disbursement including:
 - Mortgage interest paid on real or personal business property (fixed or mobile)
 - Business rent paid
 - Business utilities (with a service agreement in place before Feb. 15, 2020)

See: https://www.sba.gov/sites/default/files/2020-06/How-to-Calculate-Loan-Amounts-508_1.pdf

PPP Details – Loan Amount Calculations

As of July 21, 2020

Farmers – use schedule F line 34 in place of schedule C line 31

Partnerships – one application for the partnership, individual partners should not apply separately.

- 2019 Schedule K-1 box 14a net earnings (reduced by section 179 expenses) multiplied by 0.9235 (remove employer share of self-employment tax) up to \$100,000 per partner + 2019 payroll expenses for employees (covered in previous slide) = 2019 Total Payroll Expense
- $2019 \text{ Total Payroll} / 12 = \text{avg monthly payroll} \times 2.5 = \text{max loan amount}$

S or C corporations

- 2019 employee payroll expenses following all previous guidance
- $\text{Total payroll expense} / 12 \times 2.5 = \text{max loan amount}$

Non-profits – same as S or C, unclear for those with no employees

LLC – choose the scenario that applies to your tax filing situation

New businesses (Jan/Feb 2020)? See question **#10** ↓

https://www.sba.gov/sites/default/files/2020-06/How-to-Calculate-Loan-Amounts-508_1.pdf

Seasonal employers: 12-week period Feb. 15 or March 1, 2019 to June 30, 2019 **or** any consecutive 12-week period between May 1 – Sept. 15, 2019

Use of the PPP funds

As of July 21, 2020

- Immediately for the 8-weeks (or **up-to** 24-weeks) beginning on the day you receive the funds in your account.
 - The PPP loan “covered period” cannot be delayed if a business is still closed due to health/safety orders.
 - You can apply for forgiveness **at any time between the 8 and 24-weeks.** Apply after PPP funds are exhausted according to forgiveness rules.
- After the PPP period ends, you’ll need to provide your lender documentation for loan forgiveness process:
 - Payroll records for the covered period
 - Evidence of eligible expenses paid or incurred during the period
 - Application for PPP Loan Forgiveness (*SBA Form 3508 or 3508EZ*)
 - **Lenders will start processing PPP Loan Forgiveness applications on Aug. 10**

Want PPP Guidance Updates?



SBA website: www.sba.gov/paycheckprotection

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

Paycheck Protection Program Flexibility Act



signed into law on Friday, June 5, 2020

- Borrowers must only use at least 60% (changed from 75%) of the loan proceeds for payroll costs for forgiveness.
- If a borrower uses less than 60% for payroll costs, the borrower will continue to be eligible for partial loan forgiveness.
- Covered period is now **up-to** 24 weeks (changed from 8 weeks) from loan disbursement *or* December 31, 2020, whichever is earlier. For loans made prior to June 5, borrowers can still elect to keep 8-week period.
- Any PPP loan after June 5 has a five-year term; term changes for PPP loans prior to June 5 will have to be agreed to between borrower and lender.
- Two safe harbors from reduction in loan forgiveness: *Inability to operate due to COVID closure orders, and restoring FTE counts to Feb.15 level by Dec. 31, 2020.*
- PPP loan deferral period will not start until the date SBA remits forgiveness amount to lender or, if the borrower does not ask for forgiveness, their PPP loan payments would begin 10 months after the end of the covered period.*

PPP Loan Forgiveness

- PPP Covered Period (two methods):
 - 56 days (8-weeks) or **up-to** 168 days (24-weeks) from date you received funds to spend the money.
 - Alternative: For bi-weekly or weekly payroll starts the 1st day of 1st pay period following loan disbursement.
- Of total eligible expenses, 60% or more must be spent on payroll; up-to 40% for business expenses (*rent, utilities, mortgage interest*) during the 8 or 24-week covered period.
 - Agreements or contracts for these services must have existed (in-effect) prior to Feb. 15, 2020



Paycheck Protection Program
Loan Forgiveness Application

OMB Control Number 3245-0407
Expiration Date: 10/31/2020

PPP Loan Forgiveness Calculation Form

| | | | |
|----------------------------------|--|---------------------------------|----------------|
| Business Legal Name ("Borrower") | | DBA or Tradename, if applicable | |
| Business Address | | Business TIN (EIN, SSN) | Business Phone |
| | | () - | |
| | | Primary Contact | E-mail Address |

SBA PPP Loan Number: _____ Lender PPP Loan Number: _____

PPP Loan Amount: _____ PPP Loan Disbursement Date: _____

Employees at Time of Loan Application: _____

Employees at Time of Forgiveness Application: _____

EIDL Advance Amount: _____ EIDL Application Number: _____

Payroll Schedule: The frequency with which payroll is paid to employees is:

Weekly Biweekly (every other week) Twice a month Monthly Other _____

Covered Period: _____ to _____

Alternative Payroll Covered Period, if applicable: _____ to _____

If Borrower (together with affiliates, if applicable) received PPP loans in excess of \$2 million, check here:

Forgiveness Amount Calculation:

Payroll and Nonpayroll Costs

Line 1. Payroll Costs (enter the amount from PPP Schedule A, line 10): _____

Line 2. Business Mortgage Interest Payments: _____

Line 3. Business Rent or Lease Payments: _____

Line 4. Business Utility Payments: _____

Adjustments for Full-Time Equivalency (FTE) and Salary/Hourly Wage Reductions

Line 5. Total Salary/Hourly Wage Reduction (enter the amount from PPP Schedule A, line 3): _____

Line 6. Add the amounts on lines 1, 2, 3, and 4, then subtract the amount entered in line 5: _____

Line 7. FTE Reduction Quotient (enter the number from PPP Schedule A, line 13): _____

Potential Forgiveness Amounts

Line 8. Modified Total (multiply line 6 by line 7): _____

Line 9. PPP Loan Amount: _____

Line 10. Payroll Cost 75% Requirement (divide line 1 by 0.75): _____

Forgiveness Amount

Line 11. Forgiveness Amount (enter the smallest of lines 8, 9, and 10): _____

PPP Loan Forgiveness

As of July 21, 2020

Eligible Payroll Costs: use **60% or more** of PPP funds on

- Salary, wage, commission, or similar compensation
- Cash tips or equivalent
- Vacation, parental, family, medical, or sick leave (*not if family or medical leave is related to section 7002 FFCRA credit*)
- Allowance for dismissal or separation
- Group health care benefits (excluding owners, unless a C-Corp W-2 employee)
- Retirement benefits (excluding owners, unless a C **or** S-Corp W-2 employee)
- State or local tax assessed on compensation of employees
- Hazardous pay or other supplemental pay

PPP Loan Forgiveness

As of July 21, 2020

Eligible Payroll Costs

- Considered **paid** on the date the paychecks were distributed or the date the borrower originates the ACH transfer of paycheck funds to employee's accounts.
- Considered **incurred** on the day that the employee's pay is earned.
- Payroll costs must be paid during the covered (or alternative covered) period **or** payroll costs incurred but not paid during the borrower's last pay period of the covered/alternative period eligible for forgiveness and paid on or before the next regular payroll date.
- Total cash compensation for each W-2 employee may not exceed an annual salary of \$100,000 as prorated in covered period:
 - $(\$100k / 52 \text{ weeks}) \times 8 \text{ weeks} = \$15,385$, **or**
 - $(\$100k / 52 \text{ weeks}) \times 24 \text{ weeks} = \$46,154$
- Count payroll costs that were both paid and incurred only once.

Owner-Employee Compensation Caps on Forgiveness

C-corporation owner-employees are capped by the amount of their 2019 employee cash compensation and employer retirement and health insurance contributions made on their behalf.

S-corporation owner-employees are capped by the amount of their 2019 employee cash compensation and employer retirement contributions made on their behalf, but employer health insurance contributions made on their behalf **cannot** be separately added because those payments are already included in their employee cash compensation.

Schedule C or F filers are capped by the amount of their owner compensation replacement, calculated based on 2019 net profit.

General partners are capped by the amount of their 2019 net earnings from self-employment (*reduced by claimed section 179 expense deduction, unreimbursed partnership expenses, and depletion from oil and gas properties*) multiplied by 0.9235

Self-employed individuals' payroll compensation is capped at eight weeks' worth (8/52) of 2019 compensation (*i.e., approximately 15.38 percent of 2019 compensation*) or \$15,385 per individual, whichever is less, in total across all businesses.

For all other borrowers, the amount of loan forgiveness requested for owner-employees and self-employed individuals' payroll compensation is capped at 2.5 months' worth (2.5/12) of 2019 compensation (*i.e., approximately 20.83 percent of 2019 compensation*) or \$20,833 per individual, whichever is less, in total across all businesses.

PPP Loan Forgiveness

As of July 21, 2020

Eligible Non-Payroll Costs - use **up-to 40%** of PPP funds on:

Must be paid during the covered period **or** incurred during the covered period and paid on or before the next regular billing date – even if the billing date is after the covered period.

- Interest on mortgage obligations incurred in covered period
- Rent payments on leases (agreement in place before Feb. 15, 2020)
- Utility payments under service agreements in place before Feb. 15, 2020.

NOTE: *Alternative covered period does **not apply** to non-payroll costs. The 8-week or up to 24-week covered period starts on the date you received the PPP funds in your account.*

PPP Loan Forgiveness

As of July 21, 2020

Full Time Equivalent (FTE) Calculation

Total Hours Worked method:

Count total hours worked by all employees in work-week and divide the total by 40 hours.

Simplified method:

1 FTE = worked 40 hours or more

0.5 FTE = worked less than 40 hours

Documentation Retention:

Must retain documents related to the PPP for **6 years** after loan forgiveness.

PPP Loan Forgiveness

- You must maintain FTE count equivalent to your average FTE count in the measurement period (*the borrower can choose either time frame*):
 - Feb. 15, 2019 – June 30, 2019, **or**
 - Jan. 1, 2020 – Feb. 29, 2020
 - Seasonal Employers: any consecutive 12-week period between May 1, 2019 – Sept. 15, 2019
- You must maintain employee wages* during this timeframe - cannot reduce more than 25% from the average annual salary or hourly wage during the Jan. 1 – March 31, 2020 period (**hourly wage rate*)
- If you cannot maintain FTEs or wages, the amount of forgiveness will be reduced. Unless you offered to re-hire the same employee (*same hours, wage*) but the employee declined to return. You must document the offer and employee's response. **See question # 40 in FAQs** (link below)
- Rate of pay increases and 'hazardous pay' supplement would be allowed if it keeps employee under the prorated \$100k annual compensation limit. **See question # 32 in FAQs** (link below)

<https://home.treasury.gov/system/files/136/Paycheck-Protection-Program-Frequently-Asked-Questions.pdf>

PPP Loan Forgiveness

As of July 21, 2020

Exceptions

No penalties for FTE reductions if either of these occurred:

1. You made a good faith, written offer to re-hire the employee during the covered period that was rejected by the employee.
2. Employee was fired for cause, voluntarily resigned or voluntarily requested a reduction in their hours during the covered period.

Safe Harbors:

1. Unable to operate between February 15, 2020 and the end of your covered period at the same FTE level as before February 15, 2020 due to compliance with COVID-19 health/safety requirements issued between March 1, 2020 and December 31, 2020 by HHS, CDC, or OSHA.
2. If you reduced your full time equivalent (FTE) count after Feb. 15, 2020, but you restored your FTE count back to the Feb. 15, 2020 pay period level in the covered period or by December 31, 2020.

PPP Loan Forgiveness: Wage Reduction >25%

Example 1: A borrower is using a 24-week covered period. This borrower reduced a full-time employee's weekly salary from \$1,000 per week during the reference period to \$700 per week during the covered period. The employee continued to work on a full-time basis during the covered period, with an FTE of 1.0. In this case, **the first \$250 (25 percent of \$1,000)** is exempted from the loan forgiveness reduction.

The borrower seeking forgiveness would list **\$1,200** as the salary/hourly wage reduction for that employee (the extra \$50 weekly reduction multiplied by 24 weeks). If the borrower applies for forgiveness before the end of the covered period, **it must account for the salary reduction for the full 24-week** covered period (totaling \$1,200).

Example 2: Same salary situation as above, but for borrowers that received PPP fund **prior to June 5th** and who **elect to use the 8-week period**: The borrower seeking forgiveness would list **\$400** as the salary/hourly wage reduction for that employee (the extra \$50 weekly reduction multiplied **by eight weeks**).

Summary: You take the wage/salary reduction amount that is **greater than 25%** of the wage paid during the Jan. 1 – Mar. 31 period, and multiply it by 8 weeks **or** the full 24 weeks. *The 24-week period applies if you received your loan after June 5th.*

Paycheck Protection Program

Loan Forgiveness Application



Two Options: SBA Form 3508 **or** 3508EZ

- Use **Form 3508EZ** if self-employed (no W-2 employees), **or**
 - You have W-2 employees and did not reduce wages/salaries by >25%, **and**
 - Did not reduce the number of employees or the number of hours employees worked, **or**
 - You were unable to operate during the Covered Period at the same level of business activity as before February 15, 2020, due to compliance with gov't health requirements*
- SBA **Form 3508** has 4 parts: (1) the PPP Loan Forgiveness Calculation Form; (2) Schedule A; (3) the PPP Schedule A Worksheet; and (4) PPP Borrower Demographic Info (optional*)

Process

- Borrowers initiates forgiveness process with their lender by submitting a completed 3508EZ or 3508 form + evidence. Borrowers have ten months from end of covered period to submit docs.
- Lender has 60 days after submission to process paperwork and verify information before transferring data to SBA. The SBA has 90 days to accept, reject or seek further information on a borrower's forgiveness application.

PPP Loan Forgiveness

Loan Forgiveness Application – Form 3508EZ:

- <https://content.sba.gov/sites/default/files/2020-06/PPP%20Forgiveness%20Application%203508EZ%20%28%20Revised%2006.16.2020%29.pdf>

Loan Forgiveness Application Instructions for Form 3508EZ:

- <https://content.sba.gov/sites/default/files/2020-06/PPP%20Loan%20Forgiveness%20Application%20Form%20EZ%20Instructions%20%28Revised%2006.16.2020%29.pdf>

Loan Forgiveness Calculation - Form 3508:

- <https://content.sba.gov/sites/default/files/2020-06/PPP%20Loan%20Forgiveness%20Application%20%28Revised%2006.16.2020%29.pdf>

Loan Forgiveness Application Instructions for Form 3508:

- <https://content.sba.gov/sites/default/files/2020-06/PPP%20Loan%20Forgiveness%20Application%20Instructions%20%28Revised%2006.16.2020%29.pdf>

PPP Forgiveness App 3508EZ (page 1)

Forgiveness Amount Calculation:

Payroll and Nonpayroll Costs

Line 1. Payroll Costs:

Line 2. Business Mortgage Interest Payments:

Line 3. Business Rent or Lease Payments:

Line 4. Business Utility Payments:

Potential Forgiveness Amounts

Line 5. Add the amounts on lines 1, 2, 3, and 4:

Line 6. PPP Loan Amount:

→ Line 7. Payroll Cost 60% Requirement (divide Line 1 by 0.60): ←

Forgiveness Amount

Line 8. Forgiveness Amount (enter the smallest of Lines 5, 6, and 7):

PPP Loan Forgiveness Application: 'divide by 0.60' question

Potential Forgiveness Amounts

Line 5. Add the amounts on lines 1, 2, 3, and 4: _____ (payroll, mortg. interest, rent, utilities)

Line 6. PPP Loan Amount: _____

Line 7. Payroll Cost 60% Requirement (**divide Line 1 by 0.60**): _____

Forgiveness Amount

Line 11. Forgiveness Amount (enter the smallest of lines 8, 9, and 10): _____

Two Examples Showing How This Would Calculate for a \$100,000 PPP Loan:

Example 1:

Line 1. Payroll Costs: \$61,000 << (61% of loan)

Payroll Cost Requirement: "divide Line 1 by 0.60" = \$101,666.66

Forgiveness Amount (smallest of 3 lines): **\$100,000** (the full PPP loan amount)

Example 2:

Line 1. Payroll Costs: \$57,000 << (57% of loan)

Payroll Cost Requirement: "divide Line 1 by 0.60" = \$95,000

Forgiveness Amount (smallest of 3 lines): **\$95,000** (not the full PPP loan amount)

PPP Loan Procedure

Starting August 10, 2020, the *PPP Forgiveness Platform* will be open for lenders to submit forgiveness requests electronically to the SBA. The SBA will, subject to any SBA review of the loan or loan application, remit the appropriate forgiveness amount to the lender, plus any interest accrued through the date of payment.

- SBA will **deduct EIDL Advance** Amounts from the forgiveness amount remitted to the Lender
- If SBA determines that the borrower was ineligible for the PPP loan based on the provisions of the CARES Act, SBA rules or guidance available at the time of the borrower's loan application, or the terms of the borrower's PPP loan application, the loan will not be eligible for loan forgiveness.
- The **lender is responsible for notifying the borrower** of the forgiveness amount. If only a portion of the loan is forgiven, or if the forgiveness request is denied, any remaining balance due on the loan must be repaid by the borrower on or before the maturity date of the loan. The lender is responsible for notifying the borrower of status, forgiveness, or the date the first payment is due.

SBA's **procedures for reviewing** PPP loan applications and loan forgiveness applications was issued to lenders on July 23, 2020 (see SBA Procedural Notice # 5000-20038).

Borrowers must submit a 3508EZ or 3508 form along with payroll records, eligible invoices for non-payroll expenses, & evidence of payments to the lender that owns their PPP Loan.

Using both EIDL and PPP

As of July 21, 2020

- It is very important to use your PPP funds for payroll and qualified expenses FIRST and over the period of 8 to 24 weeks before using EIDL for similar expenses
- Recommend keeping EIDL and PPP funds in separate accounts. Use the PPP account to cover payroll over the 8 to 24-week period.
- PPP can be used to pay debt interest only, EIDL can be used to pay principal due during this period. You cannot pre-pay future expenses or pay-off old debts.

Economic Injury Disaster Loans & Advance

Direct Monies and Loans from the Federal Government

EIDL

- **Now Re-Opened to ALL Eligible Small Businesses**
- Additional \$50 billion designated in the PPP & Health Care Enhancement Act
- Submitted applications continue to be processed on a first-come, first-served basis
- 3.75% interest rate (2.75% for nonprofits),
- 30-year term, no pre-payment penalty, and the first payment deferred for 1 year after receiving funding.



EIDL Advance (funds exhausted)

- As of July 11th, the EIDL Advance appropriation of \$20 billion was exhausted.
- No word on if/when the EIDL Advance would be reinstated...



Apply online: <https://covid19relief.sba.gov>

Economic Injury Disaster Loan (EIDL) Update

As of July 21, 2020

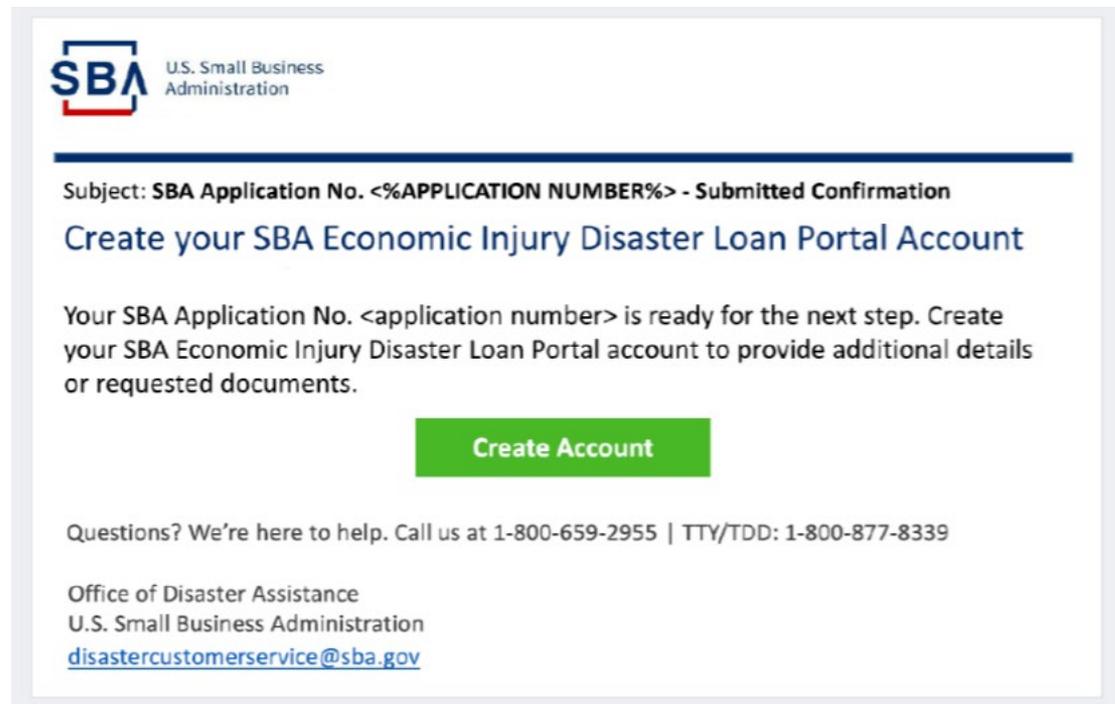
- We do **not** have the ability to check the status of your application locally. Please contact the Disaster Customer Service Center: **1-800-659-2955** or disastercustomerservice@sba.gov
- If your application begins with “3” it is currently being processed
- You may NOT receive any communication from SBA until your application is reviewed
- You may notice a credit inquiry – EIDL loans do have a credit score requirement (PPP does not)
- If you were approved for an Advance, it will show up in your bank account as a “**EIDG**” deposit in the amount of \$1,000 per employee you reported on the application (up to \$10,000)

I Applied for EIDL Already...Now What?

As of July 21, 2020

Your application will either be approved or declined for an EIDL loan

- If you are approved, you will receive an email from SBA inviting you to create a loan portal account to review your EIDL offer:



EIDL Portal

- You will be presented with a min and max amount
- Use the sliding scale to adjust your desired amount
- Loan breakdown will show you the terms and payment amount based on the total loan

Select Amount

\$500,000.00

Amount of Loan

\$1,000 \$500,000

Choose loan amount between \$1,000.00 and \$500,000.00

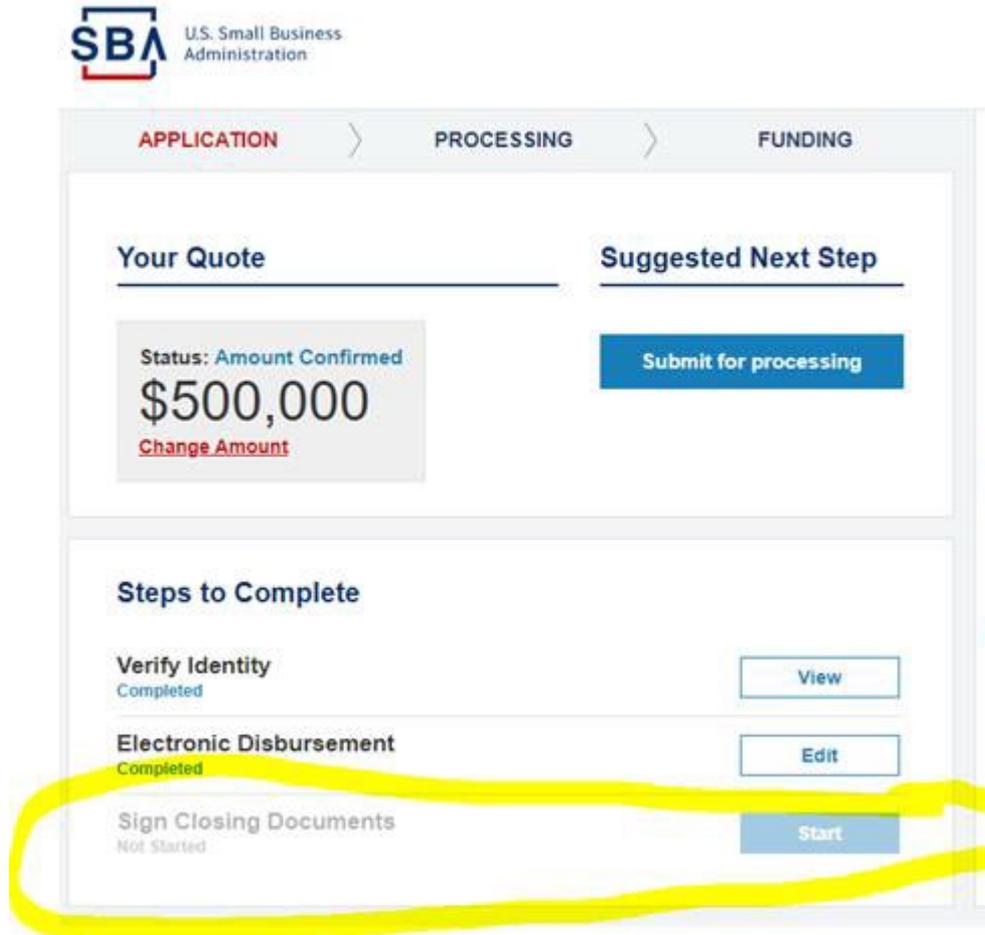
LOAN BREAKDOWN

| | | |
|-------------------------|------------------------|-------------------|
| Term | Interest Rate | Payment Frequency |
| 30 Year(s) | 3.75% | Monthly |
| Repayment Start | Third Party Filing Fee | Payment Amount |
| 12 Months After Closing | \$100.00 | \$2,437.00 |

Accept Cancel

EIDL Portal

- When you have confirmed your loan amount, submit for processing
- You should then receive communication from a loan processor
- Once your loan package is complete you will return to the portal to sign the closing docs.
- Please **download** and review the loan agreement before signing
- Funds are disbursed within 5 days



EIDL & Advance Update

As of July 21, 2020

- Applicants may have received an Advance for EIDL but could still be declined for a full loan at any point in the process.
- Reasons for decline
 - Credit history
 - Not an eligible business activity (based on NAICS code)
 - Delinquent child support (more than 60 days)
 - Economic injury is not substantiated (EIDL advance is more than a loan would be)
 - Character reasons (felony or fraud record)
 - Unverifiable information
 - Applicant withdraws or fails to proceed (not sure on the time limit yet)
- If you are declined, you will receive an email or letter with **instructions** on how to **request reconsideration**.

Received a Decline Letter for your EIDL?

As of July 21, 2020

The SBA provides a **reason** given for decline with instructions on how to **request reconsideration** of the EIDL application

- Example: if reason is *unverifiable information* or *economic injury not substantiated*, the applicant should submit evidence to verify their application represents a valid need for an EIDL.
 - Submit: copy of previous tax return, **IRS Form 4506-T**, Profit & Loss report for 2018/2019, your 2020 YTD actuals, or other evidence.

Requests for reconsideration must be submitted in writing within 6 months from the date of the decline letter.

- Must contain all significant **information that will overcome the reason(s)** for the decline/withdrawal
- Recommend submitting reconsideration requests via fax or mail for privacy / cybersecurity reasons

Disaster Loan Statistics for Kansas

Loan totals through July 24, 2020



PPP Loans: 52,684 loans approved totaling **\$5,010,732,606**

EIDL (loans): 14,742 loans approved totaling **\$881,554,950**

EIDL Advance: 31,799 grants/advances approved totaling **\$99,753,000**

For more information and national loan reports please visit:

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



Additional SBA Debt Relief Options

As of July 21, 2020

For current borrowers with other SBA products (regular 7(a) programs and 504 loan) **SBA will make payments to the lender on behalf of the borrower for 6 months.** Payments will include principal, interest and any borrower fees.

- Borrowers may request 6 months deferment of payments on existing SBA loans
- Borrowers that have already requested 6 months deferment will also receive 6 months payments to the lender from SBA at the end of the deferment period

New 7(a) and 504 loans made through **September 27, 2020** will be provided the same **6-month debt relief benefit**



IRS COVID-19 Relief Options

- **IRS employee retention credit** – fully refundable tax credit for employers equal to 50% of qualified wages, max credit \$5,000 per employee, on wages paid after **March 12, 2020** and before **January 1, 2021**.
<https://www.irs.gov/coronavirus/coronavirus-tax-relief-for-businesses-and-tax-exempt-entities>
 - Employer that receives a PPP loan is not allowed the Employee Retention Credit and is not permitted to defer the applicable employment tax after the employer receives a decision from the lender that the loan is forgiven.
- **IRS Employment Tax Deferral of employer's share of social security tax.** However, employers that received a PPP loan may not defer the deposit and payment of the employer's share of social security tax that is otherwise due after the employer receives a decision from the lender that the loan is forgiven.
- **Paid sick leave and family leave refundable tax credits.** However, wages paid to employees that count for the paid leave credits cannot also be counted for purposes of claiming the Employee Retention Credit.

<https://www.irs.gov/newsroom/covid-19-related-employee-retention-credits-overview>

Families First Coronavirus Response Act (FFCRA)

Families First Coronavirus Response Act: Employer Paid Leave Requirements

<https://www.dol.gov/agencies/whd/pandemic/ffcra-employer-paid-leave>

Frequently Asked Questions: <https://www.dol.gov/agencies/whd/pandemic/ffcra-questions>

Coronavirus Resource for Employers: <https://www.constangy.com/coronavirus>

Avoiding class and collective actions in the COVID-19 era: The FFCRA applies to private sector employers with fewer than 500 employees - ensure your business is compliant with the leave provisions of this new law.

<https://www.constangy.com/newsroom-newsletters-959>

Human Resources and Coronavirus: Frequently Asked Questions

<https://www.constangy.com/frequently-asked-questions>

In General

FFCRA

Telework

CARES Act

Immigration

Unemployment

Data Privacy

Labor

Wage and Hour

Discrimination/EEO

Safety and Health

Workers' Compensation

FFCRA Notice (poster): https://www.dol.gov/sites/dolgov/files/WHD/posters/FFCRA_Poster_WH1422_Non-Federal.pdf

Beware of COVID Phishing Emails!

Cyber Threat Intelligence assess that **phishing** activity by cyber criminals has increased.

There are still phishing schemes related to **COVID-19** from bad actors spoofing government agencies like SBA, DOL or HHS. These emails may also appear to be from either a familiar or unfamiliar co-worker and **come with an attachment or link.**

Source: <https://blogs.juniper.net/en-us/threat-research/covid-19-and-fmla-campaignsused-to-install-new-icedid-banking-malware>

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Kansas SBDC is hosting COVID-19 Assistance & Recovery Webinars
Please go to www.kansassbdc.net/covid19 to learn more.