

Disaster COVID-19 Business Lending & Grants (State & Federal) 21-301

March 8, 2021

Business owners continue to have options for financial assistance available to apply to now (and others that will be available shortly).

Please note that changes from Disaster COVID-19 Business Lending & Grants 21-201 are highlighted in yellow. If this is your first time receiving the document, we suggest reading the entire document. And always re-read any sections that are relevant to your business in their entirety.

Keeping very detailed records of the actions you take after you accept any Federal or State COVID-19 loans or grants is paramount. As these programs are defined and delivered, we will have an understanding of how and when the programs interrelate (work together in concert and impact each other). At this point, we do not have complete information on that.

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FEDERAL PROGRAMS - due to the passage of the CARES ACT and the Economic Aid Act 12/27/20:

- 1) **The Economic Injury Disaster Loan (EIDL) available through December 31, 2021;** this is a low interest, long-term loan.

PLEASE NOTE that the EIDL application period has been extended another 12 months and now closes 12/31/21.

Apply for directly for the EIDL LOAN via the SBA portal (Follow the instructions below on how to complete and the information you will need to apply):

<https://covid19relief.sba.gov/#/>

(Note there are many scammers on line so **only** use this site)

PLEASE NOTE: There is a specific EIDL Application process for businesses who have an employee who is a Military Reservist that has been called into active duty – the **Military Reservists Economic Injury Disaster Loan (MREIDL)**. The information and application for this specifically directed loan is here:

<https://www.sba.gov/funding-programs/disaster-assistance/military-reservist-loan>

ALERT:

Urgent alert for our clients and contacts: If you are contacted by phone, fax, email or mail asking for additional financials to support your EIDL application, that person **MUST** have your application/confirmation number as evidence that they are from the SBA. Unfortunately, we are learning of entities and individuals posing as SBA affiliates and we want you to please be mindful.

Learn more at:

<https://www.consumer.ftc.gov/blog/2020/04/new-funding-coronavirus-sba-loans-attracts-scammers>

- a) **Step One: complete the EIDL Streamlined Application on line (see above link if you have NOT already applied).**
 - i) **IMPORTANT:** Please note: As a sole proprietor or LLC owner(s) that take an owners draw, you are allowed to count yourself as an employee for this streamlined application.
 - ii) You will be asked for the ‘Business legal name and tradename’ if you are an individual using a tradename (i.e. John Smith DBA Smiths plumbing), you must put the name on the 1st line of your bank statement (not your checks). In this example that would be John Smith
 - iii) The only financial info needed is:
 - (1) A calculation of Gross Revenues for period 2/1/19 – 1/31/20 or 2019 tax info.
 - (2) A calculation of COGS (Cost of Goods Sold) for the same period (if applicable), if you don’t have it, put '0'.
 - (3) If you are a non-profit you will also need Operating Costs for the same period.
 - (4) If your application is for lost rents, put the dollar amount of rents already lost as a result of the disaster.
 - iv) Note: there is a box at the top of the agent/owner page that asks if you are owned by an entity. If this box is not checked you cannot proceed past this page. Unless you are owned by another company/business then you check no.
 - v) You will also certify to some basic questions about your business and personal situation and that you have represented the information truthfully.
 - vi) At this point you will be asked for your **BANKING** Info:
 - (1) Bank Name
 - (2) Account Number
 - (3) Routing Number

- vii) Once you have completed the application you will have a chance to review.
- viii) Once you hit submit you will be given a confirmation page with an application number. Print this page and screen shot it. Do not lose this number.
 - (1) And begin a file of all the material regarding this process, including any information you provided and the application numbers you received from the SBA (put the application number on the inside of the folder).

b) Step Two: Completing the EIDL Loan Application.

Please note: the application process for the EIDL is a sliding scale offering the loan amount without any additional documentation required.

- i) **Within 7-10 days you will receive an email from the SBA that asks you to “Create your SBA Economic Injury Disaster Loan Portal Account”.**
- ii) Do not lose the account information that you create. Add this new portal password to your EIDL folder. You will need it to track the progress of your application.
- iii) **PLEASE CHECK YOUR SPAM FOLDER frequently.** Many businesses have reported that the email for creating the account has been landing in Spam folders instead of the main inbox.
- iv) Once the portal is created you will see the sliding scale range of loan that you have been offered.
- v) Remember that this is a loan...not a grant. So consider carefully if you want to accept any amount on the sliding scale that has been offered.
 - (1) We suggest you use the Debt Assessment resource from the 2021 COVID-19 Roadmap which is a self-guided debt calculator to make sure you choose the correct amount for your business:
<https://www.vtsbdc.org/covid-19-roadmap/>
 - (2) Below the scale, as you move it, you can see the monthly payment amount. This is helpful in your assessment of what level of debt you are willing to acquire.
 - (3) VtSBDC advisors can also provide assistance on how to evaluate your offered loan amount and whether it is the right choice for your business.
- vi) We suggest that you take a screen shot of each page during the process as you move through the application.
- vii) Note that any loan over \$25,000 will require collateral.
 - (1) In order for SBA to take collateral, a Uniform Commercial Code lien must be filed. SBA will deduct a \$100 this filing fee from the loan amount for this purpose. This is done for borrower’s convenience and allows the SBA to disburse the funds faster.
 - (2) SBA takes real estate as collateral when it is available.
 - (3) SBA will not decline a loan for lack of collateral, but SBA will require the borrower to pledge collateral that is available.
- viii) Note that the loan closing documents for this loan are complex. Review them carefully before you sign them.
- ix) Also note that the EIDL is, according to the SBA, a loan which cannot be discharged by either business or personal bankruptcy.
- x) This is the list of permitted and non-permitted uses of EIDL funds:
 - (1) **Permitted Uses:**

(a) Working Capital Uses

- i. Accounts Payable
- ii. Inventory
- iii. Supplies and materials
- iv. Operating Expenses that would have been met prior to the crisis
- v. Pay short term debt used in anticipation of disaster loan funding defined as follows: EIDL funds can be used to reimburse short term debt that was incurred while waiting for disaster assistance. Normal ongoing business expenses and debts incurred starting January 31, 2020 going forward until the disaster has been declared over, are eligible to be paid with EIDL money.
- vi. **After PPP \$ Spent or all the time if no PPP:**
 1. Payroll Expenses
 2. Rent
 3. Utilities
 4. Interest on Debt

(2) **Non-Permitted Use of Funds:**

- vii. Payment of any dividends or bonuses;
- viii. Disbursements to owners, partners, officers, directors, or stockholders, except when directly related to performance of services for the benefit of the applicant;
- ix. Repayment of stockholder/principal loans, except when the funds were injected on an interim basis as a result of the disaster and non-repayment would cause undue hardship to the stockholder/principal;
- x. Expansion of facilities or acquisition of fixed assets;
- xi. Repair or replacement of physical damages;
- xii. Refinancing long term debt;
- xiii. Paying down (including regular installment payments) or paying off loans provided, or owned by another Federal agency (including SBA) or a Small Business Investment Company licensed under the Small Business Investment Act. Federal Deposit Insurance Corporation (FDIC) is not considered a Federal agency for this purpose;
- xiv. Payment of any part of a direct Federal debt, (including SBA loans) except IRS obligations.
 1. If a direct Federal debt is delinquent, your recommendation must be based on independent documentation from the appropriate Federal agency explaining how the delinquency will be cured.
 2. If a direct Federal debt is delinquent because of the disaster, you should make arrangements with that Federal creditor to have payments deferred on a similar action taken to bring the delinquency current prior to the approval of an EIDL. If you cannot or will not cooperate, the likely result will be a decline of the EIDL request. However, if you have other resources or recoveries, the Federal government will generally allow (and perhaps require) those resources to be applied first to ineligible needs, such as payment of direct Federal debt.
 3. When processing during the injury period, it is generally appropriate for you to negotiate with Federal creditors to defer payments (or take similar

- action) until the end of the injury period. You must document why this was or was not imposed.
- xv. Pay any penalty resulting from noncompliance with a law, regulation or order of a Federal, state, regional, or local agency.
 - xvi. Contractor malfeasance
 - xvii. Relocation.
- xi) You have **10 DAYS** to complete the steps required to submit your loan application request (all of the steps required by the portal) according to robo-calls coming from the SBA.
- (a) Once you have submitted the loan amount for processing you will be told that the loan is being processed.
 - (b) Once the loan is approved you will be provided with closing documents to sign.
- xii) If you did not receive the full \$150,000 and you feel you still have unmet, need there is a process called “reconsideration”:
- (a) To begin that process email: PDC.Reconsideration@sba.gov
 - (b) This process will require additional documentation and clear instructions will be provided by the loan officer you are assigned.
 - (c) We have received information that the Reconsideration process is taking at a minimum 6-8 weeks.
 - (d) You can check the status of your Reconsideration within your loan portal.
- xiii) If you have questions about your loan AFTER you have received the funds you can contact the SBA Disaster Services Center @ 800-736-6048 or 800-659-2955.
- xiv) If you believe you have not received either a request to open the portal to begin the loan process or did not receive the funds because of fraud you can contact the Fraud line @ 800-366-6303.
- xv) Payments on the EIDL are not due for the first 12 months. However, if you want to make an early payment, or return some of the funds the preferred payment protocol by the SBA is via the electronic payments. For more information:
<https://pay.gov/WebHelp/HTML/covid-2.html>
- xvi) You must pay your EIDL via Pay.gov. Read all instructions very carefully. Here is the link: <https://pay.gov/public/form/start/3723407>
- xvii) If you have received a denial rather than an offered amount you can contact the VT SBA for details on the process of how to have the loan denial reviewed.
<https://www.sba.gov/sites/default/files/files/vermont-district-office-directory.pdf>

2) Targeted EIDL Advance

This program is NOW LIVE. Please read the following very closely.

There is NO OPEN APPLICATION process for the Targeted EIDL Advance increase. ELIGIBLE BUSINESSES will be CONTACTED DIRECTLY by the SBA (via email). See below for an expanded description of the process.

The SBA also cautions: All communications from SBA will be sent from an official government email with an @sba.gov ending. Please do not send sensitive information via email to any address that does not end in @sba.gov.

DO NOT submit a duplicate COVID-19 EIDL application. Only prior applicants will be considered for the Targeted EIDL Advance.

FAQ's have been provided for the program:

https://www.sba.gov/sites/default/files/2021-02/Targeted%20EIDL%20FAQ_Final-508_0.pdf

The Targeted EIDL Advance will provide for funds of up to \$10,000 to specific businesses under these conditions and in two rounds:

a) Eligibility requirements for both ROUNDS:

i) Are located in low-income communities (only these communities).

(1) The definition of a "low-income community" is defined in section 45D(e) of the Internal Revenue Code. Note that the applicant must be *located* in a low-income community in order to qualify. This has been defined by New Market Tax Credit Qualified Census Tracts. Here are two options for seeing if you are in a designated area:

(a) Here is the map of New Market Tax Credits in VT:

https://geodata.vermont.gov/datasets/871db9fa63c64c53b1b7a2bae0ea3704_18?geometry=-72.679%2C43.253%2C-72.239%2C43.340

(b) Here is a national map provided by the SBA (put your address and zip code in to see if your business address will qualify you and mean that you will be receiving an email from the SBA);

<https://sbaeidl.policymap.com/newmaps#/>

ii) Can demonstrate more than 30% reduction in revenue during an 8-week period beginning on March 2, 2020, or later. If an applicant meets the low-income community criteria, they will be asked to provide gross monthly revenue (all forms of combined monthly earnings received, such as profits or salaries) to confirm the more than 30% reduction.

b) ROUND ONE Additional Eligibility – these businesses are currently being contacted:

i) **Businesses who previously received between \$1,000 - \$9,000 for their EIDL Advance.**

c) ROUND TWO Additional Eligibility – will be announced after the First Round is completed:

1) **Businesses who applied for EIDL assistance on or before December 27, 2020, but did not receive an EIDL Advance due to lack of program funding and:**

a) Additionally has 300 or fewer employees. Business entities normally eligible for the EIDL program are eligible, including sole proprietors, independent contractors, and private, nonprofit organizations.

b) Also, agricultural enterprises are not eligible.

The Targeted EIDL Advance Process:

a) If your business is located in the designated low-income area (see above for maps) the SBA will contact you via an official SBA.gov email indicating that you can begin the process via a portal they will provide in the email.

i) We recommend that you take screen shots of each step of the process.

ii) And keep a paper file with a copy of the sales figures you used to complete the application and all relevant SBA Application numbers.

- b) Proceed thru this process very slowly. Once you have hit submit on this application there will be no opportunity to fix mistakes and no reconsideration process so you will not receive the additional grant funds.
- c) The SBA recommends that you have a copy of your 2019 Federal Tax Return on hand.
- d) You will also be asked to confirm that the information provided in your original EIDL application is still accurate. If there are any changes, you may be asked to provide documentation in order to determine if you are eligible for a Targeted EIDL Advance.
- e) You will be asked to upload your monthly gross sales for 2019 and 2020 (this is required to prove the reduction in sales necessary to qualify).
- f) Double check your banking information:
 - i) Double check that your **account number** and **routing number** are correct. They should be located at the bottom of your checks, if available. Log into your online banking account and locate that information there or contact your bank for confirmation.
 - ii) Make sure that the routing number provided is usable for **ACH payments**. Many Advance applicants submitted routing numbers reserved for other types of payments which resulted in the inability to send them an Advance.
 - iii) **Bank name** should be the official name of the bank; please contact your bank if you are unsure.
 - iv) Ensure you provide a **checking account** to facilitate the ACH payment.
 - v) Double check that your account is still **open** and able to receive payments.
- g) **Before submitting**, you must make sure that the bank account you are providing satisfies the following:
 - i) Account is **opened using your business legal name** matching the values entered in the business information section on your application. If you do not have a business legal name, the name on the account must match the business owner's name.
 - ii) Account **has your business address and phone number** matching the values entered in the business information section on your application.
 - iii) Account is **opened using your business tax id** (EIN or SSN if no EIN registered) matching the values entered in your initial application.
 - iv) Common reasons why the account validation might fail would be the account holder name does not match the business name on the application, the business name changed since opening the account, using a personal account for business, account being in someone else's name such as a spouse or friend, reusing a bank account for multiple businesses that do not match the business name on the application.
- h) Once you have completed the application you will be asked to submit it.
- i) We recommend that you check your portal to make sure that the application has submitted properly. In your portal you will see a screen that notes the amount of your EIDL loan (if you received one), the amount of your EIDL Advance (if you received one) and the Targeted EIDL Advance will be listed as In Progress or Submitted.
 - i) If it is NOT listed as submitted there will be a blue button to hit that says submit.
 - ii) Hit submit and follow the instructions.
 - iii) Re-check your portal (in a couple hours) and it should have switched to Submitted.
- j) Applicants that pass the initial eligibility requirements will also be required to electronically sign an IRS Form 4506-T allowing SBA to obtain tax transcripts directly from the IRS before the SBA can approve your request for the Targeted EIDL Advance.

- i) Note you may have provided Form 4506-T previously but the form is only active for 90 days from the date you submitted it so you may have to resubmit upon request.
- k) You will not be notified by the SBA of the amount (UP TO \$10,000 less what you received in 2020 for the EIDL Advance) so check your bank account for a deposit.
- i) The SBA is aiming to have a deposit into your account within 21 days after submitting.

1) The Paycheck Protection Program (PPP):

The NEW program encompasses two applications – see below for further clarification on which application is correct for you and the eligibility requirements. And the links to the applications:

- a) First Draw PPP for new borrowers.
- b) Second Draw PPP for any business that received a PPP in 2020.

1. Please note: The SBA Vermont District Office hosts a free webinar:
First & Second Draw PPP Webinar Wednesdays
9:00 a.m. to 10:30 a.m.
To access the webinar, click [here](#).
To access the webinar by phone, call 202-765-1264 and enter code 142 718 62#.
Or go to www.sba.gov/vt to view the District Office's Calendar of Events.
Or call 1-800-828-4422 to reach the District Office.

UNTIL 3/9/21 the program is OPEN ONLY to Businesses with fewer than 20 employees.

Beginning 3/10/21 the application period will be open for all eligible businesses until 3/31/21.

Note: the most important changes in the PPP Loans that occurred on 3/3/21 are regarding a new way to calculate the loan amount for Sole Proprietors and Single Member LLCs. The details are below.

Also Note: there are changes in two prior restrictions for applications (noted below) that have necessitated a change in ALL of the applications for the PPP for ALL Entity types. If you have not submitted your application yet make sure you are now using the revised applications. The links below that are highlighted in yellow will bring you to the new applications. Or contact your bank and they will provide the correct application. All new applications are dated 3/21.

Applications are being accepted via ALL CDFI's and Local Banks:

- i) The three CDFI's in VT are:
 - (1) Vermont Community Loan Fund at 802-223-1448
 - (2) VEDA (Vermont Economic Development Authority) at 802-828-5627 or:
<https://www.veda.org/ppp-program>

- (3) Opportunities Credit Union at 802-654-4540
- ii) **Note: Although we expect most banks are going to work only with Second Draw PPP Application with businesses that they previously issued a First Draw PPP loan in 2020 we have been told that some are accepting applications for First Draw PPP's from current bank clients. Therefore, if you are applying for a First Draw PPP you may want to call your local bank to see if they are doing the First Draw.**
 - iii) **If you are interested in applying for a First Draw PPP and your local lending institution is not doing these loans you can call the Vermont SBA office at (802) 828-4422 (M-F 8:00 am to 4:30 pm) in addition to calling the three CDFI's listed above.**

FAQ's for the PPP program are updated frequently. The latest update was 3/3/21:
<https://www.sba.gov/sites/default/files/2021-03/PPP%20FAQs%20%283-3-21%29.pdf>

Multiple Interim Final Reports (IFRs) have been issued about the PPP Second Draw Program.
Here are the links to those IFRs:

<https://www.sba.gov/sites/default/files/2021-01/PPP%20--%20IFR%20--%20Paycheck%20Protection%20Program%20as%20Amended%20by%20Economic%20Aid%20Act%20%281.6.2021%29.pdf>

[https://www.sba.gov/sites/default/files/2021-01/PPP%20--%20IFR%20--%20Second%20Draw%20Loans%20\(1.6.2021\).pdf](https://www.sba.gov/sites/default/files/2021-01/PPP%20--%20IFR%20--%20Second%20Draw%20Loans%20(1.6.2021).pdf)

<https://www.sba.gov/sites/default/files/2021-03/SBA%20PPP%20IFR%20Loan%20Amount%20Calculation%20and%20Eligibility%20%283-3-21%29.pdf>

All IFR's on the previous PPP programs for reference are here:
<https://home.treasury.gov/policy-issues/cares/assistance-for-small-businesses>

General information and eligibility requirements that apply to **BOTH** applications:

- i) The application period is open until **3/31/21**.
- ii) Loan Term is 5 years at 1% interest.
- iii) Your business must have been operational on 2/15/20.
 - (1) A seasonal business will be considered to be in operation on 2/15/20 if the business was in operation for any 12-week period between 2/15/19 and 2/15/20.
- iv) No collateral will be required.
- v) No personal guarantee will be required.
- vi) You must certify that the "uncertainty of current economic conditions makes necessary the loan request support ongoing obligations".
 - (1) **This certification has always been important but now under the new guidelines for calculating loan amounts for Sole Proprietors and LLC's it has a heightened importance that needs to be considered (see information below).**

- vii) A borrower that has temporarily closed or temporarily suspended its business but intends to reopen remains eligible for a PPP loan.
- viii) **Lifted Restriction** – As of 3/3/21 an owner who is either delinquent or has defaulted on a Federal Student Loan is NOW ELIGIBLE to apply for a PPP (lifting the previous restriction that made them ineligible).
(1) This is a retroactive change. If you were denied a PPP in 2020 because of this circumstance talk to your bank.
- ix) An owner may use a ITIN (Individual Taxpayer Identification Number) for the application process.
- x) **Lifted Restriction** - Going forward from 3/3/21 the restriction on owners with Non-Financial Fraud Felony Convictions has been lifted (again note: this is not retroactive).
(1) All Financial Fraud Felony restrictions remain in place.
- xi) New entities that can apply are:
(1) 501 (c) (6).
(2) Housing Cooperatives
(3) Destination Marketing Organizations
(4) Broadcast News Organizations
(5) And other entities are described in the IFR's. You can also contact your lender or the Vermont SBA for further guidance.
- xii) The Economic Aid Act changed the definition of “loan forgiveness covered period” to the period beginning on the date the lender disburses the PPP loan and ending on any date selected by the borrower that occurs during the period (i) beginning on the date that is 8 weeks after the date of disbursement and (ii) ending on the date that is 24 weeks after the date of disbursement.
- xiii) The period for use of funds **STILL** begins when the loan money is deposited in your bank.
- xiv) **Application for forgiveness must STILL be done within 10 months of a business's completed coverage period** (8 or 24 weeks).
(1) No payments are required until the loan forgiveness process is completed and the bank has been reimbursed by the SBA for the forgiven portion. At that point the bank will notify you of your unforgiven balance and the date of your first payment.
(2) Note the comment below in the PPP Loan Forgiveness section that the SBA has stated that there will be additional guidance coming on the Loan Forgiveness Application process.
- xv) **IMPORTANT NOTE: if you have received an EIDLEA amount (up to \$10,000) IT WILL NO LONGER BE SUBTRACTED FROM YOUR FORGIVEN AMOUNT.**
(1) This is going to be **RETROACTIVE** to First Draw PPP Loans received in 2020.
(a) If you have not already applied for forgiveness then you can simply use the EIDLEA money you received.
(b) If you have already applied for forgiveness and have been issued a loan that included the EIDLEA amount, your lender will be in touch with you about how the monies will be returned. NOTE: at this point the mechanism for that has not been defined so please wait until you are contacted by your bank.

- (i) If you currently have a loan with your bank for the unforgiven PPP amount that includes the EIDL Advance you should contact your bank before you make your next payment.
- xvi) For purposes of reporting Number of Employees, sole proprietors, self-employed individuals, and independent contractors should include themselves as employees (i.e., the minimum number in the box Number of Employees is one).
 - (1) To calculate the number of employees for your application you may choose one of two methods:
 - (a) Applicants may use their average employment over the time period used to calculate their aggregate payroll costs to determine their number of employees.
 - (b) Alternatively, Applicants may elect to use the average number of employees per pay period in the 12 completed calendar months prior to the date of the loan application.
- xvii) If your business received an EIDL Loan between January 31, 2020 and April 3, 2020 (before the Streamlined EIDL that capped at \$150,000) there is the possibility of using the PPP refinance. If this time frame applies to you speak with your lender before you submit your application.
- xviii) The SPLIT of use of funds is STILL 60%Payroll/40%Allowable Expenses:
 - (1) Payroll expenses are as follows:
 - (a) compensation to employees (whose principal place of residence is the United States) in the form of salary, wages, commissions, or similar compensation; cash tips or the equivalent (based on employer records of past tips or, in the absence of such records, a reasonable, good-faith employer estimate of such tips)
 - (b) payment for vacation, parental, family, medical, or sick leave (except those paid leave amounts for which a credit is allowed under FFCRA Sections 7001 and 7003)
 - (c) allowance for separation or dismissal
 - (d) payment for the provision of employee benefits (including insurance premiums) consisting of group health care coverage, group life, disability, vision, or dental insurance, and retirement benefits
 - (e) payment of state and local taxes assessed on compensation of employees
 - (f) for an independent contractor or sole proprietor, wage, commissions, income, or net earnings from self-employment or similar compensation.
 - (2) The definition of allowable expenses has expanded (note expenses marked NEW):
 - (a) covered mortgage interest payments
 - (b) covered rent payments
 - (c) covered utilities
 - (d) interest payments on any debt incurred before 2/15/20
 - (e) NEW: covered operations expenditures:
 - (i) payments for any business software or cloud computing service that facilitates business operations
 - (ii) product or service delivery
 - (iii) the processing, payment, or tracking of payroll expenses, human resources, sales and billing functions, or accounting or tracking of supplies, inventory, records and expense

- (f) NEW: covered property damage costs (note this may not apply to any Vermont businesses because it relates to costs related to property damage and vandalism or looting due to public disturbances that occurred during 2020 that was not covered by insurance or other compensation)
- (g) NEW: covered supplier costs:
 - (i) expenditures made by a borrower to a supplier of goods for the supply of goods that are essential to the operations of the borrower at the time at which the expenditure is made; and is made pursuant to a contract, order, or purchase order:
 - a. in effect at any time before the covered period with respect to the applicable covered loan;
 - b. with respect to perishable goods, in effect before or at any time during the covered period with respect to the applicable covered loan.
- (h) NEW: covered worker protection expenditure:
 - (i) operating or a capital expenditures to facilitate the adaptation of the business activities of an entity to comply with requirements established or guidance issued by the Department of Health and Human Services, the Centers for Disease Control, or the Occupational Safety and Health Administration, or any equivalent requirements established or guidance issued by a State or local government, during the period beginning on March 1, 2020 and ending the date on which the national emergency with respect to the COVID-19 expires related to the maintenance of standards for sanitation, social distancing, or any other worker or customer safety requirement related to COVID-19; (B) such expenditures may include:
 - 1. the purchase, maintenance, or renovation of assets that create or expand:
 - a. a drive-through window facility
 - b. an indoor, outdoor, or combined air or air pressure ventilation or filtration system
 - c. a physical barrier such as a sneeze guard
 - d. an expansion of additional indoor, outdoor, or combined business space
 - e. an onsite or offsite health screening capability
 - f. or other assets relating to the compliance with the requirements or guidance described in subparagraph (A), as determined by the Administrator in consultation with the Secretary of Health and Human Services and the Secretary of Labor
 - g. the purchase of covered materials described in section 328.103(a) of title 44, Code of Federal Regulations, or any successor regulation
 - h. particulate filtering face piece respirators approved by the National Institute for Occupational Safety and Health, including those approved only for emergency use authorization
 - i. or other kinds of personal protective equipment, as determined by the Administrator in consultation with the Secretary of Health and Human Services and the Secretary of Labor.

- xix) Your business is ineligible if:
 - (1) You were not in operation on 2/15/20.
 - (2) You or your business will receive a grant under the Shuttered Venue Operator Grant program (full guidance and the application for this program are not available as of this date).
 - (3) If your business is in bankruptcy proceedings.
 - (4) There are other ineligibility details for specific industries that are outlined in the above IFR's. You may also speak with your lender to make sure that you are not ineligible.
- xx) All owners with more than 20% ownership or equity will be required to be named on the application.
- xxi) Note that the 60% is NOT a threshold for use of the funds but if a company spends less than 60% on payroll it will reduce forgiveness.
- xxii) Employee and compensation levels must be maintained for full forgiveness.
- xxiii) The IFR dated 1/7/21 reiterates the following on misuse of funds: If you use PPP funds for unauthorized purposes, SBA will direct you to repay those amounts. If you knowingly use the funds for unauthorized purposes, you will be subject to additional liability such as charges for fraud. If one of your shareholders, members, or partners uses PPP funds for unauthorized purposes, SBA will have recourse against the shareholder, member, or partner for the unauthorized use.
- c) Overall guidance on calculating your loan amount (and see specific new guidance from the SBA below in First and Second Draw information):
 - i) the basic calculation is the average monthly payroll (figured as below) x 2.5.
 - ii) most businesses will use the average monthly payroll for 2019 or 2020 excluding costs over \$100,000 on an annualized basis, as prorated for the period during which the payments are made or the obligation to make the payments is incurred, for each employee.
 - (1) you can choose which year (2019 or 2020) to use so it would be worthwhile to do the calculations for both to see which gets the better results.
 - iii) for seasonal businesses, the Applicant may elect to instead use average total monthly payroll for any twelve-week period selected by the Applicant between February 15, 2019 and February 15, 2020, excluding costs over \$100,000 on an annualized basis, as prorated for the period during which the payments are made or the obligation to make the payments is incurred, for each employee.
 - iv) for new businesses, average monthly payroll may be calculated using the time period from January 1, 2020 to February 29, 2020, excluding costs over \$100,000 on an annualized basis, as prorated for the period during which the payments are made or the obligation to make the payments is incurred, for each employee.
 - v) for farmers and ranchers that operate as a sole proprietorship or as an independent contractor, or who are eligible self-employed individuals and report farm income or expenses on a Schedule F (or any equivalent successor IRS form), payroll costs are computed using eligible payroll costs for employees, if any, plus the lesser of \$100,000 and the difference between gross income and any eligible payroll costs for employees, as reported on a Schedule F.

vi) for businesses that file IRS Form 1040, Schedule C, payroll costs can now be computed on GROSS INCOME according to the new guidance released on 3/3/21. See the First Draw and Second Draw information below for specifics and the proper applications.

(1) IMPORTANT NOTE: this new calculation is NOT RETROACTIVE.

(a) Speak with your bank regarding the circumstances under which your application can be withdrawn and re-submitted:

(i) If the application has not been submitted to the SBA the bank can simply delete it and you can re-submit a new application (see below).

(ii) If the application is in the SBA system (E-Trans) but has not been approved by the SBA the bank can withdraw the application and you can re-submit a new application (see below).

(iii) If the application has been approved but the funds have not yet been disbursed to you by the bank then the bank can cancel the loan in E-Trans and you can re-submit a new application (see below).

(iv) If the loan has been disbursed and the bank has completed Form 1502 in E-Trans then the loan stands as is (cannot be canceled or withdrawn) and no new application for additional funds can be made.

vii) for Applicants that are partnerships, payroll costs are computed using net earnings from self-employment of individual general partners, as reported on IRS Form 1065 K-1, reduced by section 179 expense deduction claimed, unreimbursed partnership expenses claimed, and depletion claimed on oil and gas properties, multiplied by 0.9235, that is not more than \$100,000, plus any eligible payroll costs for employees.

First Draw PPP for new borrowers:

i) Additional Eligibility Requirements and information:

(1) Did not receive a PPP Loan in 2020

(2) Note: READ all fine print for whatever application you use so you understand exactly what is required and you are attesting to since the certifications are legal statements.

(3) If you are a Sole Proprietor or Single Member LLC and file a Schedule C you now have two ways to calculate your PPP Loan amount – using Gross Income (Schedule C Line 7) or Net Income (Schedule C Line 31):

(a) The reason that the choice might be made to continue to use Net Income is because if the owner has a Gross Income of over \$150,000 these loans may be picked for review by the SBA to make sure that the Good Faith Loan Necessity Certification requirements were met.

(i) Speaking with your accountant and banker if you have a Gross Income above \$150,000 and want to use the Gross Income calculation for the PPP is a wise step.

(b) Here are the appropriate application links (note: you may also access these applications via your bank). How to calculate the loan amount is included in the fine print of each application and should be reviewed carefully with both your accountant and your banker:

- (i) For Sole Proprietor or Single Member LLC with or without employees and using Gross Income (line 7 on your Schedule C) use the new Application 2483-C issued March 3, 2021:
<https://www.sba.gov/sites/default/files/2021-03/Borrower%20Application%202483-C-508.pdf>
 - (ii) For Sole Proprietor or Single Member LLC with or without employees and using Net Income (line 31 on your Schedule C) use Application 2483 Revised March 3, 2021:
<https://www.sba.gov/sites/default/files/2021-03/Borrower%20Application%202483%20revised-508.pdf>
 - (iii) Note for the above applications you can also be a Qualified Joint Venture (though some restrictions do apply so you should check with your bank if you are one of the listed options below before you pick the correct application):
 - i. The only members are a married couple who file a joint return
 - ii. Both spouses participate in the business
 - iii. Both spouses elect not to be treated as a partnership.
 - (iv) Also note that there are instructions in the application on how to use either Gross or Net Income for the owner who has employees (employee calculations remain the same as prior applications and they are explained again on each application).
- (4) For all other entities (including Partnerships, S-Corps and C-Corps as examples) the SBA has issued detailed guidance has been issued for computing the amount of your First Draw PPP Loan based on the type of business entity you are. We strongly suggest that you review this document before you submit your application and/or before you begin working with your Accountant/CPA or your bank. Look for the exact entity that describes your situation:
<https://www.sba.gov/sites/default/files/2021-01/PPP%20--%20How%20to%20Calculate%20Maximum%20Loan%20Amounts%20for%20First%20Draw%20PPP%20Loans%20%281.17.2021%29-508.pdf>
- (a) The Revised application 2483 (3/3/21) is here:
<https://www.sba.gov/sites/default/files/2021-03/Borrower%20Application%202483%20revised-508.pdf>

Second Draw PPP ONLY for businesses that received a PPP in 2020:

- i) Additional Eligibility Requirements:
 - (1) You must have used all of your First Draw PPP Funds.
 - (2) We have been told that you DO NOT HAVE to have applied for and/or received forgiveness on the First Draw Loan.
 - (3) You must have the SBA Loan number from your First Draw PPP in 2020.
 - (a) And additionally your and correct Borrower TIN (Taxpayer Identification Number) to assure that the two loans can be matched in the SBA system.
 - (4) You may not apply for more than one First Draw PPP Loan so when you apply (if you are eligible) for the Second Draw PPP loan you should consider applying for the

maximum amount (Restated any borrower who received a PPP loan in 2020 received a First Draw PPP Loan and is not eligible to receive another First Draw PPP Loan, but may be eligible for a second draw PPP loan).

(a) An SBA Procedural Notice on this option has been released:

<https://www.sba.gov/sites/default/files/2021-01/5000-20077-508.pdf>

(5) Please note: If your First Draw PPP is currently under review by the SBA for any reason, including if information in SBA's possession indicates that the borrower may have been ineligible for the First Draw PPP Loan it received or for the loan amount it received, the lender will receive notification from SBA when the lender submits an application for a guaranty of a Second Draw PPP Loan, and will not receive an SBA loan number until the issue related to the unresolved borrower's First Draw PPP Loan is resolved.

(a) SBA is working to improve the information provided to lenders about the issues and how lenders can help clear issues as expeditiously as possible.

(6) You must meet the **25% REDUCTION in Gross Receipts** as follows:

(a) applicants must demonstrate that gross receipts in any quarter of 2020 were at least 25% lower than the same quarter of 2019.

(b) alternatively, applicants may compare annual gross receipts in 2020 with annual gross receipts in 2019

(i) Applicants choosing to use annual gross receipts must enter "Annual" in the 2020 Quarter and Reference Quarter fields and, as required documentation, must submit copies of annual tax forms substantiating the annual gross receipts reduction.

(c) for entities not in business during the first and second quarters of 2019 but in operation during the third and fourth quarters of 2019, Applicants must demonstrate that gross receipts in any quarter of 2020 were at least 25% lower than either the third or fourth quarters of 2019

(d) for entities not in business during the first, second, and third quarters of 2019 but in operation during the fourth quarter of 2019, applicants must demonstrate that gross receipts in any quarter of 2020 were at least 25% lower than the fourth quarter of 2019

(e) for entities not in business during 2019 but in operation on February 15, 2020, applicants must demonstrate that gross receipts in the second, third, or fourth quarter of 2020 were at least 25% lower than the first quarter of 2020.

(f) For the definition of what is considered Gross receipts see page 4 of the application 2483-SD.

(7) **Please note:** If you have a **NAICS Code that begins with 72** (Definition of NAICS Sector **72**: The Accommodation and Food Services sector comprises establishments providing customers with lodging and/or preparing meals, snacks, and beverages for immediate consumption) the calculation is **average monthly payroll x 3.5 (rather than 2.5 for all other NAICS Codes)**.

ii) For Partnerships, Corporations (AND Sole Proprietors and LLC's who elect to use Net Income) use Application 2483-SD Revised March 3, 2021 – Note: READ all fine print so you understand exactly what is required and you are attesting to:

<https://www.sba.gov/sites/default/files/2021-03/Borrower%20Application%202483-SD%20revised-508.pdf>

- (a) **for loans above \$150,000** on the application you must identify the 2020 quarter meeting this requirement, identify the reference quarter, and state the gross receipts amounts for both quarters, as well as provide supporting documentation.
 - (b) **for loans of \$150,000 and below**, these fields are not required and you only must certify that the business has met the 25% gross receipts reduction at the time of application; **however, upon or before seeking loan forgiveness (or upon SBA request)** you must provide documentation that identifies the 2020 quarter meeting this requirement, identifies the reference quarter, states the gross receipts amounts for both quarters, and supports the amounts provided.
 - (c) **Again a Sole Proprietor or Single Member LLC may elect to use Net Income (rather than Gross Income) if their Gross Income is higher than \$150,000. An application with a Gross Income of over \$150,000 may receive greater scrutiny and be picked for review by the SBA to make sure that the Good Faith Loan Necessity Certification requirements were met.**
- iii) **SBA detailed guidance** has been issued for computing the amount of your Second Draw PPP Loan based on the type of business entity you are. This document also includes the documentation requirements needed to report the 25% revenue reduction. We strongly suggest that you review this document before you submit your application and/or before you begin working with your Accountant/CPA or your bank. Look for the exact entity that describes your situation (note that this guidance has not been updated to include the Gross Income Calculation but is still applicable if you opt to use Net Income as a Sole Prop or a Single Member LLC):
- <https://www.sba.gov/sites/default/files/2021-01/Second%20Draw%20PPP%20Loans%20--%20How%20to%20Calculate%20Revenue%20Reduction%20and%20Maximum%20Loan%20Amounts%20%281.19.2021%29-508.pdf>
- iv) **If you are a Sole Proprietor or Single Member LLC and file a Schedule C (with or without employees) you can calculate your Second Draw PPP Loan amount using Gross Income (Schedule C Line 7):**
- (1) Instructions on how to calculate the loan amount are in the application instructions.**
 - (2) The Revised Application 2483-SD-C (3/21) is here:**
- <https://www.sba.gov/sites/default/files/2021-03/Borrower%20Application%202483-SD-C-508.pdf>

4). PPP Loan Forgiveness

Currently there are three applications for forgiveness. However, it is anticipated that new rules and guidance will be forthcoming on the Loan Forgiveness process (potentially including a new application).

The SBA has issued this statement via the current IFR dated 1/7/21: *SBA also intends to issue a consolidated rule governing all aspects of loan forgiveness and loan review as well as to provide a single reference point for lenders and borrowers.*

1. Please note: The SBA Vermont District Office hosts free webinar:

PPP Forgiveness Webinars Tuesdays

11:30 a.m. to 1:00 p.m.

To access the webinar, click [here](#).

To access the webinar by phone, call 202-765-1264 and enter code 986 011 495#.

Or go to www.sba.gov/vt to view the District Office's Calendar of Events.

Or call 1-800-828-4422 to reach the District Office.

Please note: Although THREE Applications for Forgiveness (see more information below) have been issued we continue to suggest that businesses who have reached the end of their 2020 PPP wait until the full guidance has been received by the banks from the SBA. Remember that a business STILL has 10 months from the end of their covered period (8 or 24 weeks from the date they received the loan money) so there is more than enough time to wait for the full guidance and rules so that maximum forgiveness is possible.

We have requested training on the forgiveness process in order to advise you on both of the applications and their implications for your business.

It is CRUCIAL that whichever Forgiveness Application is relevant to your business that you carefully read both the APPLICATION AND the matching INSTRUCTIONS for BORROWERS. The instructions contain all of the supporting documentation requests that must be submitted with your application to the bank.

FAQ's on PPP Loan Forgiveness have now been issued and have not been updated since October 2020:

<https://www.sba.gov/sites/default/files/2020-10/Final%20PPP%20FAQs%20%28October%207%2C%202020%29-508.pdf>

and a second set on 10/13/20

<https://www.sba.gov/sites/default/files/2020-10/PPP%20--%20Loan%20Forgiveness%20FAQs%20%28October%2013%2C%202020%29-508.pdf>

A new IFR summarizes all the previous IFR's into one document that was released on 1/19/21:

<https://www.sba.gov/sites/default/files/2021-01/PPP%20--%20IFR%20--%20Loan%20Forgiveness%20Requirements%20and%20Loan%20Review%20Procedures%20%281.19.2021%29-508.pdf>

An SBA Procedural Notice has been released concerning PPP Borrowers who received more money in the First Draw PPP process in 2020 than they should have:

<https://www.sba.gov/sites/default/files/2021-01/5000-20078-508.pdf>

a) The 3508S (for loans of \$50,000 or less):

- i) Here is the link to the form updated 1/19/21:
<https://www.sba.gov/sites/default/files/2021-01/PPP%20--%20Forgiveness%20Application%20and%20Instructions%20--%203508S%20%281.19.2021%29-508.pdf>
- ii) There is only one condition you must meet to use the 3508S that the PPP loan amount is \$50,000 or under.
- iii) The MAJOR change from the previous applications (3508EZ and 3508 Long Form) is that it **REMOVES** the requirements that a business has to certify that they did NOT (during the coverage period):
 - (1) reduce the number of employees
 - (2) reduce any employee salary by more than 25%.
- iv) **HOWEVER** the forgiveness is **NOT AUTOMATIC**. NOR is it guaranteed to be at 100%.
- v) **A business owner will still have to calculate** the forgiveness amount and **verify** the calculations by providing the list of required documentation listed in the Instructions for Borrowers.
- vi) Once the application is completed and submitted the bank will still have to process the application (they have 60 days) and submit it to the SBA for their review and final determination (they have 90 days from receipt of the application from the bank) of the amount that will be forgiven.

b). The 3508EZ:

- vii) Here is the link to form updated 1/19/21:
<https://www.sba.gov/sites/default/files/2021-01/PPP%20--%20Forgiveness%20Applications%20and%20Instructions%20--%203508EZ%20%281.19.2021%29-508.pdf>
- viii) There are three conditions under which you can elect to use the EZ form. You must be able to check one of these boxes:
 - (1) The Borrower is a self-employed individual, independent contractor, or sole proprietor who had no employees at the time of the PPP loan application and did not include any employee salaries in the computation of average monthly payroll in the Borrower Application Form (SBA Form 2483).
 - (2) This one has two conditions. You must be able to say yes to both of them:
 - (a) The Borrower did not reduce annual salary or hourly wages of any employee by more than 25 percent during the Covered Period or the Alternative Payroll Covered Period (as defined below) compared to the period between January 1, 2020 and March 31, 2020 (for purposes of this statement, “employees” means only those employees that did not receive, during any single period during 2019, wages or salary at an annualized rate of pay in an amount more than \$100,000);
 - (b) **AND** The Borrower did not reduce the number of employees or the average paid hours of employees between January 1, 2020 and the end of the Covered Period. (Ignore reductions that arose from an inability to rehire individuals who were

employees on February 15, 2020 if the Borrower was unable to hire similarly qualified employees for unfilled positions on or before December 31, 2020. Also ignore reductions in an employee's hours that the Borrower offered to restore and the employee refused.

- (3) This one has two conditions. You must be able to say yes to both of them:
- (a) The Borrower did not reduce annual salary or hourly wages of any employee by more than 25 percent during the Covered Period or the Alternative Payroll Covered Period (as defined below) compared to the period between January 1, 2020 and March 31, 2020 (for purposes of this statement, "employees" means only those employees that did not receive, during any single period during 2019, wages or salary at an annualized rate of pay in an amount more than \$100,000);
 - (b) **AND** The Borrower was unable to operate during the Covered Period at the same level of business activity as before February 15, 2020, due to compliance with requirements established or guidance issued between March 1, 2020 and December 31, 2020 by the Secretary of Health and Human Services, the Director of the Centers for Disease Control and Prevention, or the Occupational Safety and Health Administration, related to the maintenance of standards of sanitation, social distancing, or any other work or customer safety requirement related to COVID-19.
 - (i) Please note that one of the newest IFR's does clarify that State orders on closing and re-opening sectors are acceptable documentation for proving that a business was unable to operate at pre-COVID levels.

b) The 3508 (the long form):

- i) Here is the link to form updated 1/19/21:
<https://www.sba.gov/sites/default/files/2021-01/PPP%20--%20Forgiveness%20Application%20and%20Instructions%20--%203508%20%281.19.2021%29-508.pdf>
- ii) The long form is still waiting additional clarification from both Treasury and the SBA.

5). Shuttered Venue Operators Grant (SVO)

The Shuttered Venue Operators (SVO) Grant program includes \$15 billion in grants to shuttered venues, to be administered by the SBA's Office of Disaster Assistance. Eligible applicants may qualify for SVO Grants equal to 45% of their gross earned revenue, with the maximum amount available for a single grant award of \$10 million.

This program is **CURRENTLY NOT OPEN** but **PREPARATION GUIDANCE is being released (see below)**. We will keep you posted as new information becomes available.

The SBA has provided a Webinar on the basics of the SVOG:
<https://www.youtube.com/watch?v=PdfQGb6z-gg&feature=youtu.be>

SVOG Preparation Steps and Checklists:

- a) Review the Eligibility Requirements using these provided SBA resources:
 - i) Print the Eligibility Chart: <https://www.sba.gov/sites/default/files/2021-03/SVOG%20Eligibility%20Requirements-508.pdf>
 - ii) Watch the YouTube Video on Live Venue Operators or Promoters eligibility: <https://www.youtube.com/watch?v=eMkOdOT0Jzo>
 - iii) Watch the You Tube Video on Talent Representatives eligibility: <https://www.youtube.com/watch?v=TvG2iGYdpd0>
- b) Obtain a DUNS number using the steps below:
 - i) **IMPORTANT NOTE:** DUNS numbers are issued by Dun & Bradstreet. A DUNS number is not a “designation” normally required for the majority of small businesses. You may never use this number again. It is a **FREE** designation BUT Dun & Bradstreet are relentless marketers. Make sure you choose the **FREE** option at the beginning of the process and if any pop-up windows come up suggesting you pay for an expedited number **IGNORE** those requests. Again, this is a **FREE** process.
 - ii) Before you begin the process you will need to scan and save as pdf’s (to be uploaded) two legal business documents as proof of your name and address. For example: a bank statement (front page) and a utility bill.
 - iii) It normally takes 48+ hours to get your number. There is no need to pay for an expedited number...this is not a first come first served grant. You have between 7/20 – 7/27 to complete the pre-application and until 7/31/20 to complete the full application.
 - iv) Dun & Bradstreet will phone you multiple times following receipt of your number to sell you services. Our suggestion, simply hang up.
 - v) **WATCH** the YouTube tutorial on how to apply for a DUNS # before you begin: <https://www.youtube.com/watch?v=livjwzuTD3g&feature=youtu.be>
 - vi) Apply here for your number: <https://fedgov.dnb.com/webform/>
- b) Complete a SAM (System for Award Management) Registration using the steps below:
 - i) Review this Quick Guide: https://www.sam.gov/SAM/transcript/Quick_Guide_for_Grants_Registrations.pdf
 - ii) Watch this YouTube Video on how to register for SAM <https://www.youtube.com/watch?v=y2t5queourQ&feature=youtu.be>
 - iii) For further instructions, you can email your VtSBDC Advisor to be sent a PowerPoint Presentation on SAMS that has more detail (including screen shots of the process).
 - iv) We suggest that you watch the video, request and watch the PowerPoint and then gather all the relevant information before you begin the registration. It is a detailed and exact process and you need to make sure that all of your information is correct. And it is important that the information also match exactly the business information you used to apply for your DUNS number.
 - v) This process can take up to two weeks and so the SBA is recommending you do the registration now.
 - vi) The SAM registration process is here: <https://sam.gov/SAM/>
- c) Print and begin gathering all the necessary information needed for the application using the Preliminary Application Checklist. This is a lengthy list so beginning this now is encouraged. Note that this is not an all-inclusive list and additional documents may be required to meet eligibility and compliance: <https://www.sba.gov/sites/default/files/2021-03/SVOG%20application%20checklist-508.pdf>

- d) The SBA has also provided FAQ's on the SVOG (these are being updated with some frequency so visit the site often). The most recent update was on 3/5/21. These FAQ's are very detailed and should be reviewed if you are considering applying:
<https://www.sba.gov/sites/default/files/2021-03/3-5-21%20SVOG%20FAQ%20FINAL-508.pdf>
- e) You should also sign up for email alerts on the program:
https://public.govdelivery.com/accounts/USSBA/subscriber/new?topic_id=USSBA_347

The main page for the SBA Shuttered Venue Operators Grant:

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

i) General Eligibility Requirements (in addition to the above):

- (1) Must have been in operation as of February 29, 2020
- (2) Must **NOT** have received a PPP loan on or after December 27, 2020

ii) Awards will be made to businesses in the following two categories:

- (1) For an eligible entity in operation on January 1, 2019, grants will be for an amount equal to 45% of their 2019 gross earned revenue OR \$10 million, whichever is less.
- (2) For an eligible entity that began operation after January 1, 2019, grants will be for the average monthly gross revenue for each full month you were in operation during 2019 multiplied by six (6) OR \$10 million, whichever is less.

iii) Currently the program is to roll out as follows (once the application is open) in the following rounds of priority:

- (1) **First Priority (1-14 days of application period {upon opening}):** Entities that suffered a **90% or greater** revenue loss between April 2020 through December 2020 due to the COVID-19 pandemic.
- (2) **Second Priority (14 - 28 days of application period {upon opening}):** Entities that suffered a **70% or greater** revenue loss between April 2020 through December 2020 due to the COVID-19 pandemic.
- (3) **Third Priority (beginning 28 days after First and Second Priority Awards are made):** Entities that suffered a **25% or greater** revenue loss between April 2020 through December 2020 due to the COVID-19 pandemic.
- (4) **Supplemental Funding Round (available after all Priority Periods have passed) for recipients of First, Second and Third Priority round awards** who suffered a 70% or greater revenue loss for the most recent calendar quarter (*as of 04-01-21 or later*).

iv) Allowable use of funds is currently defined as:

- (1) Payroll costs
- (2) Rent payments
- (3) Utility payments
- (4) Scheduled mortgage payments (*not including prepayment of principal*)
- (5) Scheduled debt payments (*not including prepayment of principal*) on any indebtedness incurred in the ordinary course of business prior to 02-15-20)
- (6) Worker protection expenditures
- (7) Payments to independent contractors (*not to exceed \$100K in annual compensation per contractor*)
- (8) Other ordinary and necessary business expenses, including maintenance costs
- (9) Administrative costs (*incl. fees and licensing*)

- (10) State and local taxes and fees
- (11) Operating leases in effect as of 02-15-20
- (12) Insurance payments
- (13) Advertising, production transportation, and capital expenditures related to producing a theatrical or live performing arts production. (*May not be primary use of funds.*)
- v) **Non-allowable use of funds is currently defined as:**
 - (1) Buy real estate
 - (2) Make payments on loans originated after 02-15-20
 - (3) Make investments or loans
 - (4) Make contributions or other payments to, or on behalf of, political parties, political committees, or candidates for election
 - (5) Any other use prohibited by the Administrator.
- vi) Record keeping requirements currently outlined:
 - (1) Grantees will be required to maintain documentation demonstrating their compliance with the eligibility and other requirements of the SVO Grant program.
 - (2) And must retain employment records for four years following their receipt of a grant and retain all other records for three years.

STATE FUNDING OPTIONS:

1. **Vermont EXPANDED Emergency Economic Recovery Grant Program is now CLOSED and monies for accepted applications have been awarded.**
 - a. NOTE: For current grant recipients from Round 1 (Economic Recovery Grants) and Round 2 (Expanded Economic Recovery Grants) there is an updated post on ACCD website: Guidance Clarification Regarding Time Limit to Spend Funds: Previously, ACCD's guidance stated that all businesses receiving a Vermont Coronavirus Emergency Economic Recovery Grant must spend the grant money by December 30, 2020. We are sorry for the confusion this statement caused. We are pleased to be able to clarify that such businesses do **not** need to have fully expended these grant funds by December 30, 2020. If businesses need and are able to, they can retain the grant funds for expenses that occur in 2021 and beyond. Those businesses qualified for an economic recovery grant by demonstrating a business loss in 2020 due to COVID-19; there is no additional requirement to spend the grant funding by December 30, 2020.
 - b. Use of funds (from the FAQ's on the ACCD's website):
 - i. The funds can be used to pay both necessary expenditures that your business faces and costs directly associated with your business' response to COVID-19.
 - c. Current guidance on return of funds from the ACCD: If you determine at the end of 2020 that your business has done better than you estimated on the Unmet Need Calculator and therefore you have received excess funds email accd.covid19@vermont.gov and they will issue instructions.
2. **COVID Support VT** has announced three Support Counselors are who are available Mondays-Fridays, 8am-8pm, to provide emotional support, connections to community resources and to be a

listening ear. Support Counselors are available by calling 2-1-1. For more information on the program: <https://covidsupportvt.org/get-support/>

3. The Pandemic Unemployment Assistance (PUA):

Pandemic Unemployment Assistance (PUA): Provides benefits to those not traditionally eligible for unemployment insurance benefits. On December 27, 2020, PUA was extended for an additional 11 weeks or until benefit week-ending March 13, 2021. Eligible claimants may experience a delay, but will receive payment starting for the benefit week ending January 2, 2021.

- a. Here is the current statement from the VT Department of Labor: “The U.S. Congress has passed legislation that includes provisions to extend the federal unemployment insurance programs created under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). At this time, we are reviewing the legislation and working to implement changes as quickly as possible. For more details:
<https://labor.vermont.gov/commissioner-notes/federal-cares-act-2-unemployment-programs-update>
- b. For information, eligibility requirements and instructions:
<https://labor.vermont.gov/PUA>

4. Families First Coronavirus Response Act (FFCRA) expired on 12/31/20 but here is the information that is still critical to have:

- a. It is important to keep all of your records for 6 years which is the typical Federal requirement for maintenance of records.
- b. Background: FFCRA Paid Sick Leave required covered employers to provide 80 hours of paid sick leave for COVID-19 related reasons, plus an additional 10 weeks of paid family and medical leave at 2/3 pay for employees needing to care for a child due to a school or child care provider closure. These requirements expired on December 31, 2020.
- c. The Consolidated Appropriations Act (2021), did not extend the requirement that employers make paid sick leave and expanded family and medical leave available to employees.
 - i. However, it did extend the tax credit available to employers for payments made to employees as paid sick leave or expanded family and medical leave through March 31, 2021.
- d. Thus, employers may voluntarily elect to provide paid sick leave and expanded family and medical leave to employees and will receive tax credits for doing so through March 31, 2021. There is no legal requirement that they do so.
- e. Any paid sick leave or expanded family and medical leave taken by employees up to December 31, 2020 must still be paid by employers despite the expiration of the FFCRA.
- f. For full FFCRA FAQ's: <https://www.dol.gov/agencies/whd/pandemic/ffcra-questions>

5. Employee Retention Tax Credits (ERTC):

The best way to see if you qualify for ERTC's is to speak with your Accountant/CPA.

1) The Employee Retention Tax Credits 2020 were updated on 3/1/21:

Here is most recent information from the IRS:

- a) Notice 2021-20 has been issued. Again, our advice is that you make sure your CPA has received this 102 page notification from the IRS and has reviewed it on your behalf and can provide you with guidance on how to access the program if it is applicable to your business:
<https://www.irs.gov/pub/irs-drop/n-21-20.pdf>
- b) For 2020, the employee retention credit can be claimed by employers who paid qualified wages after March 12, 2020, and before January 1, 2021, and who experienced a full or partial suspension of their operations or a significant decline in gross receipts. The credit is equal to 50 percent of qualified wages paid, including qualified health plan expenses, for up to \$10,000 per employee in 2020. The maximum credit available for each employee is \$5,000 in 2020.
- c) A significant change for 2020 made by the Relief Act permits eligible employers that received a Paycheck Protection Program (PPP) loan to claim the employee retention credit, although the same wages cannot be counted both for seeking forgiveness of the PPP loan and calculating the employee retention credit. Notice 2021-20 explains when and how employers that received a PPP loan can claim the employee retention credit for 2020.
- d) Notice 2021-20 also provides answers to questions such as: who are eligible employers; what constitutes full or partial suspension of trade or business operations; what is a significant decline in gross receipts; how much is the maximum amount of an eligible employer's employee retention credit; what are qualified wages; how does an eligible employer claim the employee retention credit; and how does an eligible employer substantiate the claim for the credit.
- e) While the Relief Act also extended and modified the employee retention credit for the first two calendar quarters in 2021, **Notice 2021-20 addresses only the rules applicable to 2020.**
- f) Here is the link to the IRS page that provides all the information on all aspects of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act):
<https://www.irs.gov/coronavirus/coronavirus-tax-relief-for-businesses-and-tax-exempt-entities>

2) The Employee Retention Tax Credits 2021:

- a) The Economic Aid Act of 12/27/20 does indicate that there will be changes to the ERTC but no guidance has been received. The following statement was released on 3/1/21: "The IRS plans to release additional guidance soon addressing the changes for 2021."
- b) Again, the best way to stay abreast of the use of this program is to be in contact with your Accountant/CPA.

6. Other available Loan Options - For more details on these loan vehicles go directly to your local VT bank and/or the SBA:

a. Debt Relief Programs

This is a group of SBA loan vehicles that will be accessed through SBA approved lenders in Vermont. These include:

i. The Small Business Debt Relief Program covers the SBA 7a, 504 and Microloan Program. These loans can be used for short and long-term working capital. **New guidance and fees for these programs continue to change so if you are interested in any of these loan vehicles you should call your lender and ask which one is best for your circumstances.**

b. Additional Debt Relief Assistance

The Economic Aid Act also authorized additional debt relief payments to 7(a), 504, and Microloan borrowers beyond the 6-month period prescribed in the CARES Act. The level of assistance varies based on when the loan was approved and began February 1, 2021. Please contact your Lender for questions on the availability of this assistance for your SBA loan. Also note the statement on the SBA website that describes this program states that the initiatives are limited by the level of funding approved by Congress. The link is here:

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

7. Some RDC's Loan Programs are now open. Please contact your local RDC for details.

These will be smaller amounts that should be seen primarily as bridge loans while applications for the above are in process. And any loan/grant you receive for COVID-19 will, if you proceed with the full EIDL application, be subtracted (mitigated) from the final amount.

Here is a link to the RDC's if you would like to contact them regarding their loan options:

<https://accd.vermont.gov/economic-development/resources/rdc>

As part of your preparation to apply for any loan/financing option, you should make sure you take two steps:

1) You should first determine what your business in COVID looks like and needs. We have provided a self-guided 2021 COVID-19 Roadmap:

<https://www.vtsbdc.org/covid-19-roadmap/>

2) Gathering the financial documents required to complete the Roadmap will bring you closer to being prepared to complete any and all applications for funding. In the meantime it is always important to have:

1. A list (diary or narrative) of actions that you have taken in response to COVID-19, and direct impact you have seen. For example: 3/17/20 "laid off 2 employees" {names, # of hours typically worked and pay rate} and directed them to unemployment and then if you offer them a return to work date {with the date}. This list will help identify economic impact.
2. Have the following financial records up to date:
 - a. Profit and Loss.
 - b. Balance Statement.

- c. Sales records for 2019 and 2020 to date (this should come from QuickBooks or your POS or whatever system you use to capture daily income). Showing the actual impact on revenues is the basis of economic impact lending.
- d. Three years of completed tax returns (personal and business). If 2019 is not complete, then a 2019 Profit & Loss Statement.
- e. Up to date Accounts Payable.
- f. Up to date Accounts Receivable.
- g. An up to date list of your collateral (including your personal real estate) with item description and current replacement value.

Business assistance will continue to be provided by and available from VtSBDC (vtsbdc.org) and the Regional Development Corporation in your region.