



U.S. Small Business
Administration

Crossing the coronavirus chasm: How the SBA is working with small companies

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Crossing the coronavirus chasm: How the SBA is working with small companies



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Tammie Clendenning is the lead economic development specialist for the Wisconsin District of the U.S. Small Business Administration.

Tammie is responsible for providing training on SBA's programs and services including capital access, procurement and business advising. She enjoys talking to entrepreneurs about the many resources available to them at exhibits and networking events.

Tammie is the district office technical representative for the Women's Business Centers in the state. Prior to joining SBA, she held business development and leadership positions in commercial finance. She earned a Bachelor's degree in Business Management and is a small business owner.

Crossing the coronavirus chasm: How the SBA is working with small companies



Lisa Taylor

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Lisa Taylor is an Outreach and Marketing Specialist with the Wisconsin District of the U.S. Small Business Administration. Lisa works with small businesses and organizations to provide training and guidance on SBA services and programs. She also strives to increase awareness of SBA services through participation in conferences, workshops and networking events.

Prior to joining the SBA, Lisa held leadership positions at both for-profit corporations and non-profit organizations, including serving as the Director of the Veterans Business Outreach Center (VBOC), which is a resource partner of the SBA. Her broad areas of expertise include human resources, risk management, business development and finance. As an entrepreneur and founder of Strategic Partnerships LLC, Lisa continues to enjoy small business ownership.

Lisa has a Bachelor of Business Administration degree in Marketing and an Associate degree in Accounting.



U.S. Small Business
Administration

SBA Funding Options

**Wisconsin Technology Council
7-1-2020**

Small Business Economic Relief

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

CARES Act



Paycheck Protection Program



Economic Injury Disaster Loan Advance (up to \$10,000)

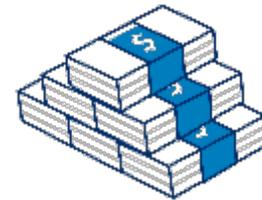


SBA Debt Relief

SBA Base Programs Expanded



Economic Injury Disaster Loans
Includes deferment through 2020



Traditional SBA-backed Lending
Includes new Express Bridge Loan Pilot



No-Cost Business Advising
Additional funding via partners

Economic Injury Disaster Loans & Advance

Direct Monies and Loans from the Federal Government

EIDL

- As of June 16, re-opened to all eligible businesses, non-profits & agri-bus
- Submitted applications continue to be processed on a first-come, first-served basis
- Low interest, long term loans with payments deferred for 1 year
- To be used for working capital for day-to-day business expenses.



EIDL Advance

- Provided in the CARES and PPP & Health Care Enhancement Acts; total funding is \$20 billion
- Economic relief for those with a temporary loss of revenue
- Does not have to be repaid
- Up to \$10,000; based on \$1,000/employee
- Automatically deposited into your bank account



Status updates available through SBA's Office of Disaster Assistance

- 800-659-2955 (TTY/TDD: 1-800-877-8339); disastercustomerservice@sba.gov

SBA Debt Relief



Eligibility

- **SBA will cover principal, interest and fees for 6 months**
- Current 504, 7(a) and Microloan borrowers are eligible
- New 504, 7(a) and Microloan loans made between 3/27/2020 and 9/26/2020 are also eligible
- **NEW for SBA Express loans: Maximum loan amount increased to \$1,000,000 through 12-31-20; upfront guaranty fee permanently waived for Veterans**

Loan Specifics

- Size of loan, interest rate, term, fees, use of proceeds, and collateral are determined by the loan program
 - Information on SBA loan programs is in the [WI Small Business Resource Guide](#) -

SBA Debt Relief



- Personal guarantees are required
- Collateral required
- Use for expansion, FFE, working capital, growth, refinance
- Loan amounts up to \$5 million
- Terms often longer than conventional loans, helping businesses with cash flow

- Apply with a lender that participates in the loan program
 - Participating Lenders - Loans must be closed by September 27, 2020
 - List of participating lenders in [SBA Wisconsin Small Business Resource Guide](#)

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

Paycheck Protection Program

The basics ... a review of the PPP

- Maximum loan amount is \$10 million
- 2 year term, 1% interest rate, 5 years for loans approved after June 5th
- Loan balance outstanding after forgiveness is termed out.
- No personal guarantees or collateral
- Loans are 100% guaranteed by SBA

Employers who maintain their payroll, number of employees and compensation levels, may have all or a portion of their loan forgiven.

Paycheck Protection Program

Overview

First round: \$349 billion

- Provided in CARES Act signed into law on March 27
- Opened on April 3; funds exhausted at 10 a.m. EDT on April 16
- 1.6+ million loans approved
- SBA processed more than 14 years' worth of loans in less than 14 days

Second round: \$310 billion

- Provided in PPP & Health Care Enhancement Act signed into law on April 24; \$60 billion set aside for smaller lenders and CDFIs (to better serve the smallest businesses)
- Re-opened on April 27

PPP total as of 6-27-20: Nationally, 4.7+ million loans for \$518+ billion; in Wisconsin, over 84,000 small businesses and organizations approved for over \$9.8 billion.



Paycheck Protection Program

Eligible payroll costs can include:

- 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);
 - payment for vacation, parental, family, medical, or sick leave;
 - allowance for separation or dismissal;
 - payment for the provision of employee benefits consisting of group health care coverage, including insurance premiums, and retirement;
 - payment of state and local taxes assessed on compensation of employees; and
 - for an independent contractor or sole proprietor, wage, commissions, income, or net earnings from self-employment or similar compensation.
-
- **Payroll costs must make up at least 60% of the total amount forgiven**
 - **Payroll costs must have been paid or incurred during the monitoring period. If costs incurred are not paid until after the monitoring period, they are eligible if paid by the next payroll cycle commences.**

Paycheck Protection Program

Eligible nonpayroll costs:

- (a) covered mortgage obligations: payments of interest (not including any prepayment or payment of principal) on any business mortgage obligation on real or personal property incurred before February 15, 2020 (“business mortgage interest payments”);
- (b) covered rent obligations: business rent or lease payments pursuant to lease agreements for real or personal property in force before February 15, 2020 (“business rent or lease payments”); and
- (c) covered utility payments: business payments for a service for the distribution of electricity, gas, water, transportation, telephone, or internet access for which service began before February 15, 2020 (“business utility payments”).

An eligible nonpayroll cost 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.

Count nonpayroll costs that were both paid and incurred only once.

Eligible nonpayroll costs cannot 40% of the total forgiveness amount.

Paycheck Protection Program

PPP Flexibility Act (6-5-2020)

- June 30, 2020, was the last day for the SBA to accept loan applications from lenders
- Borrowers now only have to use 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 24 weeks (changed from 8 weeks) from loan disbursement or December 31, 2020, whichever is earlier; for loans prior to June 5, borrowers can elect 8 weeks
- Any PPP loan after June 5 now has a five-year term; term changes for PPP loans prior to June 5 will have to be agreed to between borrower and lender
- Additional safe harbors from reduction in loan forgiveness re: the inability to return to previous business levels or to rehire or find new qualified employees (from June 30 to December 31, 2020)
- PPP loan deferral period will not start until the date the SBA remits the forgiveness amount to the lender or, if the borrower does not ask for forgiveness, it is now 10 months from the eligible date of forgiveness

PPP - Forgiveness Process

Step 1: Borrower determines which covered period they are using:

- A. If Borrower's loan was approved prior to June 5, 2020, that Borrower can choose either an 8-week covered period or a 24-week covered period.
- B. If Borrower's loan was approved on or after June 5, 2020, that Borrower automatically has a 24-week covered period.
- C. For Borrowers with loans approved prior to June 5, it may make sense for them to utilize a 24-week covered period if they need to use that time to regain original FTE counts (if they don't fall into the new FTE Safe Harbor categories of inability to rehire/fill positions or the decrease in business activity due to COVID-19 operating regulations), or if they need additional time to achieve the 60/40 usage of funds.

PPP - Forgiveness Process

Step 2: Choose the correct PPP Forgiveness Application Form

- PPP Loan Forgiveness Application Form 3508EZ
- PPP Loan Forgiveness Calculation Form (Form 3508)

Who can use the Form 3508EZ (Must fit into at least one of three situations):

Scenario 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 original loan application

OR...

PPP - Forgiveness Process

Scenario 2:

- Borrower did not reduce annual salary or hourly wages of any employee by more than 25 percent during the Covered Period as compared to January 1, 2020 and March 31, 2020 (for all employees earning not more than \$100,000)

AND

- 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 the 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.***

OR...

PPP - Forgiveness Process

Scenario 3:

- The Borrower did not reduce annual salary or hourly wages of any employee by more than 25 percent during the Covered Period as compared to the period between January 1, 2020 and March 31, 2020 (for all employees earning not more than \$100,000 on an annualized basis currently and at any time in 2019);

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 guidance issued between by March 1, 2020 and December 31, 2020 by government agencies (such as Health and Human Services, the CDC, or OSHA), with regard to safety requirements related to COVID-19.

Example: Steve Goodman, Carpenter

Business Facts for PPP Loan Forgiveness Application Form 3508EZ

- Steve Goodman is a self-employed carpenter that works as an independent contractor (sub-contractor) for a number of local residential and commercial builders.
- Steve's business is organized as a sole proprietorship with no employees.
- Due to the COVID-19 pandemic, Steve started having fewer contracts being offered through his normal builder relationships as their projects were postponed or cancelled starting in April.



PPP Forgiveness Application 3508EZ



Paycheck Protection Program
PPP Loan Forgiveness Application Form 3508EZ

OMB Control No. 3245-0407
Expiration date: 10/31/2020

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:

PPP Forgiveness Application 3508EZ

(Continued)

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):

What is the Alternative Payroll Covered Period?

(Instructions, page 2 of 3508EZ or page 1 of 3508)

Borrowers with a biweekly (or more frequent) payroll schedule may elect to calculate eligible payroll costs using the 24-week (168-day) period or for loans received before June 5, 2020 at the election of the borrower, the eight-week (56-day) period that begins on the first day of their first pay period following their PPP Loan Disbursement Date.

- For example, if the Borrower received its PPP loan proceeds on Friday, May 1st and the first day of its first pay period following its PPP loan disbursement is Sunday, May 3, the first day of the Alternative Payroll Covered Period is May 3 and the last day of the Alternative Payroll Covered Period is Saturday, June 27 if using an 8-week period.

When/Where Can I Use It?

Borrowers who elect to use the Alternative Payroll Covered Period must apply the Alternative Payroll Covered Period wherever there is a reference in this application to “the Covered Period or the Alternative Payroll Covered Period.” – **Payroll Costs**

However, Borrowers must apply the Covered Period (not the Alternative Payroll Covered Period) wherever there is a reference in this application to “the Covered Period” only. – **Non-Payroll Costs**

PPP Forgiveness Application 3508

Loan Forgiveness Application ('Long Form')

This form is to be used by borrowers that don't fit into one of the three 3508EZ scenarios as previously outlined. This includes borrowers that reduced any employee's salary/wages by more than 25% during the Covered/Alternative Covered Period or had FTE employee reductions that did not fall into the FTE Reduction Exemption situations.

TIP ... Read it all the way through. Then complete the forms in reverse order.

- **Forgiveness Calculation Form**

- Incorporates information from both the Schedule A Worksheet, the Schedule A, and eligible non-payroll costs to calculate the total forgiveness amount.

- **Schedule A**

- Information from Schedule A Worksheet is used along with other information compiled by the borrower regarding other eligible payroll costs. Information from this document will transfer to the "PPP Loan Forgiveness Calculation Form"

- **Schedule A Worksheet**

- Calculating basic information regarding FTE counts and compensation levels.
- Safe Harbor calculations for both the FTE count and maintaining compensation levels within 25% threshold will be determined
- Information in this worksheet will transfer into the Schedule A.

PPP – Forgiveness Application

Final Points to Consider

- 1.** The instruction document for each of the two different Forgiveness Applications forms list the documents that each borrower must submit with the PPP Loan Forgiveness Application.
- 2.** Important Distinction: Full Time Equivalent number of employees are used for purposes of the loan forgiveness, NOT a Headcount
 - Headcount (number of employees regardless of hours) should be used for size and eligibility at application.
 - Full Time Equivalent is used for all payroll related calculations
- 3.** In order to determine eligible payroll costs for Owner-Employees, Self-Employed Individuals, or General Partners, follow the specific instructions on compensation calculations and the restrictions on employer contributions to employee health care and employee retirement plans as detailed on page 2 of the Form 3508EZ instructions or on page 3 of the Form3508 instructions.
- 4.** Page 2 of each of the two different PPP Forgiveness Applications is a Representations and Certifications page; be sure to complete and sign as part of the overall application.

SBA Partner Disaster Loan Help

All locations are working remotely. Contact by phone or email.

ORGANIZATION	LOCATIONS	PHONE	EMAIL/WEBSITE
SBA	Milwaukee Madison	414-297-3941 608-441-5263	Wisconsin@sba.gov
SBDC Network	13 offices statewide	Answerline 800-940-7232	Find local contacts & loan assistance https://business.wisconsin.edu/about/covid-19/
WI Women's Business Initiative Corp.	Milwaukee, Madison, Racine, Kenosha, Appleton, Green Bay, La Crosse		info@wwbic.com www.wwbic.com En Espanol: Lily Alvarado, Lily.alvarado@wwbic.com
Western WI Women's Business Center	Independence, Eau Claire- Karman Briggs		karman.briggs@wdeoc.org www.successfulbusiness.org
SCORE Find mentors https://www.score.org/coronavirus-sba-loans	Milwaukee Madison Marshfield Eau Claire Fox Cities (Appleton) Green Bay	414-297-3942 715-834-1573 920-222-2167	Score.28@scorevolunteer.org Counseling.28@scorevolunteer.org madison.Score@scorevolunteer.org ch.admin0535@scorevolunteer.org score.foxcities@scorevolunteer.org greenbayscore@gmail.com
Veterans Business Outreach Center	Statewide-Makeba Butler	414-395-4566	wwbic.com/veterans vboc@wwbic.com

Get COVID19 Updates from Wisconsin SBA

E-news signup—www.sba.gov/updates—email and zip code, or **text SBA** to **GOV311** to get there

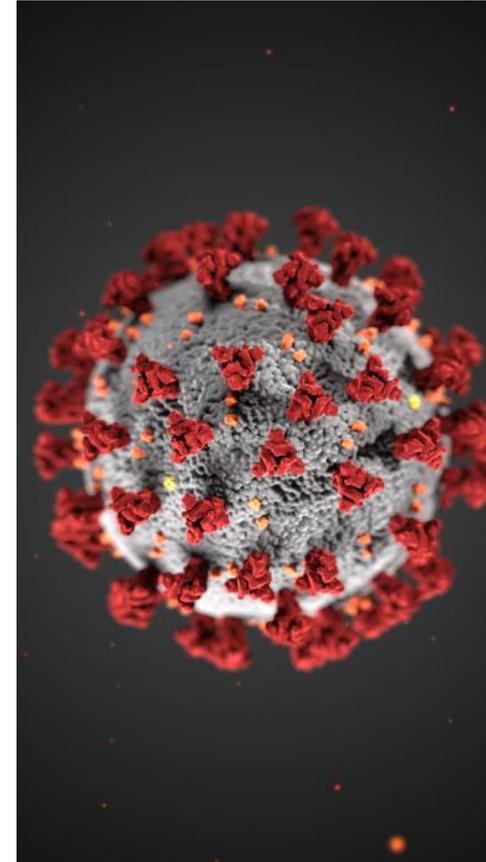
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- Facebook: U.S. Small Business Administration
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