**Disaster COVID-19 Business Lending & State of VT Grants 21-101 January 11, 2021**

***Please note this is the 2021 version of this series. We have re-numbered to begin this New Year. We will continue to do these sheets when there is clear, actionable information.***

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

**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.

We expect there will be future 01’s as more programs come on line. Each time we issue one we will highlight changes in yellow. For this first one in 2021 we are presenting it with no highlights from the 1501 issued in late 2020. 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.

**TABLE OF CONTENTS:**

* Federal Programs (CARES Act & Economic Aid Act)
  + Economic Injury Disaster Loan (EIDL)
    - EIDL Permitted and Non-Permitted Uses
  + Paycheck Protection Program (PPP)
    - NEW PPP Second Draw Program
    - PPP Loan Forgiveness Applications
* State Funding Options
  + EXPANDED Vermont Economic Recovery Grants
  + 211
* Families First Coronavirus Response Act (FFCRA)
* Pandemic Unemployment Assistance (PUA)
* Payroll Tax Credits (ERTC)
* SBA Debt Relief Programs
* Preparing to Apply for Funding
  + 2021 Roadmap
  + Necessary Documents

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

**Note that the Guidance on programs outlined in the Economic Aid Act that are still awaiting formal guidance are:**

1. **The Targeted EIDL Advance.**
2. **The Shuttered Venue Operators (SVO) Grant.**

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)

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>

* 1. **Step One: complete the EIDL Streamlined Application on line (see above link if you have NOT already applied).** 
     1. 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.
     2. 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
     3. 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.
     4. 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.
     5. You will also certify to some basic questions about your business and personal situation and that you have represented the information truthfully.
     6. At this point you will be asked for your BANKING Info:
        1. Bank Name
        2. Account Number
        3. Routing Number
     7. Once you have completed the application you will have a chance to review.
     8. 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).
  2. **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.

* + 1. **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”.**
    2. 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.
    3. **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.
    4. Once the portal is created you will see the sliding scale range of loan that you have been offered.
    5. 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/>

* + - 1. 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.
      2. VtSBDC advisors can also provide assistance on how to evaluate your offered loan amount and whether it is the right choice for your business.
    1. We suggest that you take a screen shot of each page during the process as you move through the application.
    2. 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 us 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.
    3. Note that the loan closing documents for this loan are complex. Review them carefully before you sign them.
    4. Also note that the EIDL is, according to the SBA, a loan which cannot be discharged by either business or personal bankruptcy.
    5. This is the list of permitted and non-permitted uses of EIDL funds:
       1. **Permitted Uses:**
          1. Working Capital Uses
    6. Accounts Payable
    7. Inventory
    8. Supplies and materials
    9. Operating Expenses that would have been met prior to the crisis
    10. 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.
    11. **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:**

* + 1. Payment of any dividends or bonuses;
    2. Disbursements to owners, partners, officers, directors, or stockholders, except when directly related to performance of services for the benefit of the applicant;
    3. 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;
    4. Expansion of facilities or acquisition of fixed assets;
    5. Repair or replacement of physical damages;
    6. Refinancing long term debt;
    7. 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;
    8. 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, we 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 the Federal creditor cannot or will not cooperate, the likely result will be a decline of the EIDL request. However, if the applicant has other resources or recoveries, we should 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.
    9. Pay any penalty resulting from noncompliance with a law, regulation or order of a Federal, state, regional, or local agency.
    10. Contractor malfeasance
    11. Relocation.
    12. 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.
        - 1. Once you have submitted the loan amount for processing you will be told that the loan is being processed.
          2. Once the loan is approved you will be provided with closing documents to sign.
    13. If you did not receive the full $150,000 and you feel you still have unmet, need there is a process called “reconsideration”:
        - 1. To begin that process email: [PDC.Reconsideration@sba.gov](mailto:PDC.Reconsideration@sba.gov)
          2. This process will require additional documentation and clear instructions will be provided by the loan officer you are assigned.
          3. We have received information that the Reconsideration process is taking at a minimum 6-8 weeks.
          4. You can check the status of your Reconsideration within your loan portal.
    14. 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.
    15. 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.
    16. 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>

* + 1. You must pay your EIDL via Pay.gov. Read all instructions very carefully. Here is the link: <https://pay.gov/public/form/start/3723407>
    2. 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>

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 application:**

* 1. **First Draw PPP for new borrowers.**
  2. **Second Draw PPP for any business that received a PPP in 2020.**

**The program will open by categories of lending institutions as follows:**

* 1. **The program will be open in two rounds via Community Lending Institutions, Credit Unions, Farm Credit System Institutions and Insured Depository Institutions:**
     1. **OPEN - 1/11/21 for First Draw Loans for NEW PPP Borrowers.**
     2. **OPEN - 1/13/21 for Second Draw Loans CERTAIN EXISTING PPP Borrowers.**
  2. **The PPP will open to ALL Participating lenders shortly thereafter.**
     1. **Note: we expect most banks are going to work with Second Draw PPP Applications; with businesses that have previously been issued a First Draw PPP loan and may not be accepting applications for First Draw PPP’s.**
     2. **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**](https://www.google.com/search?gs_ssp=eJzj4tZP1zcsTzEuy8suM2C0UjWoMElOMk00TzM2MbIwTE1JNLcyqEgyMkozT7ZIS7EwTjRJSTXzEisrUShOSlRIySwuKcpMLlHIT0vLTE4FAG5UGAE&q=vt+sba+district+office&rlz=1C1GCEA_enUS872US872&oq=VtSBA+&aqs=chrome.1.69i57j46i13i175i199j0i13i30l2j0i8i13i30j5i8i10i13i30i44.4875j0j7&sourceid=chrome&ie=UTF-8) **(M-F 8:00 am to 4:30 pm).**

**The first two Interim Final Reports (IFRs) were issued 1/7/21 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>

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:

* + 1. The application period is open until **3/31/21**.
    2. Loan Term is 5 years at 1% interest.
    3. 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.
    4. No collateral will be required.
    5. No personal guarantee will be required.
    6. You must certify that the “uncertainty of current economic conditions makes necessary the loan request support ongoing obligations”.
    7. A borrower that has temporarily closed or temporarily suspended its business but intends to reopen remains eligible for a PPP loan.
    8. New entities that can apply are:
       1. 501 (c) (6).
       2. And other entities are described in the IFR’s. You can also contact your lender or the Vermont SBA for further guidance.
    9. You can choose your coverage period (use of funds) as either **8** **weeks or 24 weeks.**
    10. The period for use of funds **STILL** begins when the loan money is deposited in your bank.
    11. **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.
    12. **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.
           1. If you have not already applied for forgiveness then you can simply use the EIDLEA money you received.
           2. 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.

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.

* + 1. 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).
    2. 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.
    3. The SPLIT of use of funds is STILL 60%Payroll/40%Allowable Expenses:
       1. Payroll expenses are as follows:
          1. 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)
          2. 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)
          3. allowance for separation or dismissal
          4. 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
          5. payment of state and local taxes assessed on compensation of employees
          6. 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):
          1. covered mortgage interest payments
          2. covered rent payments
          3. covered utilities
          4. interest payments on any debt incurred before 2/15/20
          5. NEW: covered operations expenditures:

payments for any business software or cloud computing service that facilitates business operations

product or service delivery

the processing, payment, or tracking of payroll expenses, human resources, sales and billing functions, or accounting or tracking of supplies, inventory, records and expense

* + - * 1. 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)
        2. NEW: covered supplier costs:

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:

in effect at any time before the covered period with respect to the applicable covered loan;

with respect to perishable goods, in effect before or at any time during the covered period with respect to the applicable covered loan.

* + - * 1. NEW: covered worker protection expenditure:

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:

the purchase, maintenance, or renovation of assets that create or expand:

a drive-through window facility

an indoor, outdoor, or combined air or air pressure ventilation or filtration system

a physical barrier such as a sneeze guard

an expansion of additional indoor, outdoor, or combined business space

an onsite or offsite health screening capability

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

the purchase of covered materials described in section 328.103(a) of title 44, Code of Federal Regulations, or any successor regulation

particulate filtering face piece respirators approved by the National Institute for Occupational Safety and Health, including those approved only for emergency use authorization

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.

* + 1. 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.
    2. All owners with more than 20% ownership or equity will be required to be named on the application.
    3. 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.
    4. Employee and compensation levels must be maintained for full forgiveness.
    5. 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.
  1. To calculate your loan amount:
     1. the basic calculation is the average monthly payroll (figured as below) x 2.5.
        1. 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.**
     2. 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.
     3. 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.
     4. 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.
     5. 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.
     6. for businesses that file IRS Form 1040, Schedule C, payroll costs are computed using line 31 net profit amount, limited to $100,000, plus any eligible payroll costs for employees.
     7. 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:**

* + 1. Additional Eligibility Requirements and information:
       1. Did not receive a PPP Loan in 2020
       2. Use Application 2483 – Note: READ all fine print so you understand exactly what is required and you are attesting to:

<https://www.sba.gov/sites/default/files/2021-01/PPP%20Borrower%20Application%20Form%20%28revised%201.8.2021%29.pdf>

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

* + 1. 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 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).
       4. You must meet the **25% REDUCTION in Gross Receipts** as follows:
          1. applicants must demonstrate that gross receipts in any quarter of 2020 were at least 25% lower than the same quarter of 2019.
          2. alternatively, applicants may compare annual gross receipts in 2020 with annual gross receipts in 2019

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.

* + - * 1. 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
        2. 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
        3. 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.
        4. For the definition of what is considered Gross receipts see page 4 of the application 2483-SD.
    1. Application 2483-SD – Note: READ all fine print so you understand exactly what is required and you are attesting to:

<https://www.sba.gov/sites/default/files/2021-01/PPP%20Second%20Draw%20Borrower%20Application%20Form%20%281.8.2021%29.pdf>

* + - * 1. **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.
        2. **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.

**3). 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 webinars:
   1. **PPP Forgiveness Webinars Tuesdays**  
      11:30 a.m. to 1 p.m.  
      [Click here](https://nam04.safelinks.protection.outlook.com/?url=https%3A%2F%2Flnks.gd%2Fl%2FeyJhbGciOiJIUzI1NiJ9.eyJidWxsZXRpbl9saW5rX2lkIjoxMDIsInVyaSI6ImJwMjpjbGljayIsImJ1bGxldGluX2lkIjoiMjAyMTAxMDguMzI5OTM4MDEiLCJ1cmwiOiJodHRwczovL3RlYW1zLm1pY3Jvc29mdC5jb20vbC9tZWV0dXAtam9pbi8xOSUzYW1lZXRpbmdfT1RRell6Sm1ZV1F0WXpSak5TMDBZelJpTFRoaVpXUXRZVEV3WTJSak4yWTBOVGt3JTQwdGhyZWFkLnYyLzA_Y29udGV4dD0lN0IlMjJUaWQlMjIlM0ElMjIzYzg5ZmQ4YS03ZjY4LTQ2NjctYWExNS00MWViZjIyMDg5NjElMjIlMkMlMjJPaWQlMjIlM0ElMjI0ZmYyMmJjNy00ZDliLTQ0YWItYmQwOS02NWZmODY5ZGM4NDAlMjIlN0QmdXRtX21lZGl1bT1lbWFpbCZ1dG1fc291cmNlPWdvdmRlbGl2ZXJ5In0.zJOaqzyGCktuJhDmKBJaQruo-QbIDbNadnzzoCFcC7M%2Fs%2F18364366%2Fbr%2F92842007984-l&data=04%7C01%7Cdlb10290%40vtc.vsc.edu%7C6362d0db5fe447ac2a6e08d8b3f6a149%7Cb17e9703dbdd49fa909c03dfd13086af%7C0%7C0%7C637457220053324839%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C3000&sdata=skiP4Uw8nTwzWK03yhPGfryAVQcMJ1RrdlqqaVJBosU%3D&reserved=0) to access the webinar link.  
      To access by phone, call 202-765-1264 and enter code 986 011 495#.
   2. **PPP Forgiveness Webinars Wednesdays**  
      9 a.m. to 10:30 a.m.  
      [Click here](https://nam04.safelinks.protection.outlook.com/?url=https%3A%2F%2Flnks.gd%2Fl%2FeyJhbGciOiJIUzI1NiJ9.eyJidWxsZXRpbl9saW5rX2lkIjoxMDMsInVyaSI6ImJwMjpjbGljayIsImJ1bGxldGluX2lkIjoiMjAyMTAxMDguMzI5OTM4MDEiLCJ1cmwiOiJodHRwczovL3RlYW1zLm1pY3Jvc29mdC5jb20vbC9tZWV0dXAtam9pbi8xOSUzYW1lZXRpbmdfT1RoaVlXUXdaRGt0WmpnelppMDBOekk1TFRrM056UXRZakUzT1dObE1HUTFORFUyJTQwdGhyZWFkLnYyLzA_Y29udGV4dD0lN0IlMjJUaWQlMjIlM0ElMjIzYzg5ZmQ4YS03ZjY4LTQ2NjctYWExNS00MWViZjIyMDg5NjElMjIlMkMlMjJPaWQlMjIlM0ElMjI0ZmYyMmJjNy00ZDliLTQ0YWItYmQwOS02NWZmODY5ZGM4NDAlMjIlN0QmdXRtX21lZGl1bT1lbWFpbCZ1dG1fc291cmNlPWdvdmRlbGl2ZXJ5In0.I5Jinjdg5ezV-At4qVqnoksj_h1DSmwWbSSUjtoYOoU%2Fs%2F18364366%2Fbr%2F92842007984-l&data=04%7C01%7Cdlb10290%40vtc.vsc.edu%7C6362d0db5fe447ac2a6e08d8b3f6a149%7Cb17e9703dbdd49fa909c03dfd13086af%7C0%7C0%7C637457220053324839%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C3000&sdata=3tM2rdAA%2BZvBH0B88D0c3PRjry2tAZX4Uc42Aem3GNI%3D&reserved=0) to access the webinar link.  
      To access by phone, call 202-765-1264 and enter code 984 055 02#.

**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>

1. **The 3508S (for loans of $50,000 or less):**
   1. Here is the link to the form:

<https://www.sba.gov/sites/default/files/2020-10/PPP%20Loan%20Forgiveness%20Application%20Form%203508S-508.pdf>

* 1. Here is the link to the instructions:

<https://www.sba.gov/sites/default/files/2020-10/PPP%20Loan%20Forgiveness%20Application%20Form%203508S%20Instructions-508.pdf>

* + 1. There is only one condition you must meet to use the 3508S that the PPP loan amount is $50,000 or under.
    2. 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%.
    3. HOWEVER the forgiveness is **NOT AUTOMATIC**. NOR is it guaranteed to be at 100%.
    4. **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.
    5. 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.
    6. IF you received the EIDL ADVANCE (the amount some businesses received at $1,000 per employee up to 10) that amount will be SUBTRACTED from the forgiven PPP amount. So the amount a business may owe will be:
       1. The unforgiven portion of the loan + the EIDL Advance amount = amount owed the bank (which they will turn into a loan).
       2. Or if the entire amount of the PPP loan is forgiven a business will still owe the EIDL Advance which the bank will turn into a loan.

**b). The 3508EZ:**

* + 1. Here is the link to form:

<https://www.sba.gov/document/sba-form-paycheck-protection-program-ez-loan-forgiveness-application-6-16-2020>

* + 1. Here is the link to the instructions:

<https://www.sba.gov/document/sba-form-paycheck-protection-program-ez-loan-forgiveness-application-instructions-borrowers-6-16-2020>

* + 1. 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:
          1. 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);
          2. **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:
          1. 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);
          2. **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.

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.

* 1. **The 3508 (the long form):**
     1. Here is the link to form:

<https://home.treasury.gov/system/files/136/3245-0407-SBA-Form-3508-PPP-Forgiveness-Application.pdf>

* + 1. Here is a link to the instructions:

<https://home.treasury.gov/system/files/136/PPP-Loan-Forgiveness-Application-Instructions_1_0.pdf>

* + 1. The long form is still waiting additional clarification from both Treasury and the SBA.

**STATE FUNDING OPTIONS:**

1. **Vermont EXPANDED Emergency Economic Recovery Grant Program is now CLOSED and monies for accepted applications have been awarded.** 
   1. 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.
   2. Use of funds (from the FAQ’s on the ACCD’s website):
      1. 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.
   3. 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](mailto: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)** is slated to be extended under the EAA.

Here is the current statement from the VT Department of Labor: “The Vermont Department of Labor is currently awaiting guidance from the U.S. Department of Labor in early to mid-January to further understand and implements these programs”.

For information, eligibility requirements and instructions:

<https://labor.vermont.gov/PUA>

1. **Families First Coronavirus Response Act (FFCRA) expired on 12/31/20 but here is the information that is still critical to have:**
   1. It is important to keep all of your records for 6 years which is the typical Federal requirement for maintenance of records.
   2. 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.
   3. 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.
      1. 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.
   4. 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.
   5. 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.
2. **Employee Retention Tax Credits:**
3. **The Employee Retention Tax Credits 2020**:
   1. **The best way to see if you qualify is to speak with your Accountant/CPA**.
   2. Here are the existing rules for ERTC for 2020:
      1. The credit is available to all employers regardless of size, including tax-exempt organizations. There are only two exceptions: State and local governments and their instrumentalities and small businesses who take small business loans.
      2. Qualifying employers must fall into one of two categories:
         1. The employer's business is fully or partially suspended by government order due to COVID-19 during the calendar quarter.
         2. The employer's gross receipts are below 50% of the comparable quarter in 2019. Once the employer's gross receipts go above 80% of a comparable quarter in 2019, they no longer qualify after the end of that quarter.
      3. These measures are calculated each calendar quarter.
      4. The amount of the credit is 50% of **qualifying wages** paid up to $10,000 in total. Wages paid after March 12, 2020, and before Jan. 1, 2021, are eligible for the credit. Wages taken into account are not limited to cash payments, but also include a portion of the cost of employer provided health care.
         1. Qualifying wages are based on the average number of a business's employees in 2019.
            1. **Employers with less than 100 employees**: If the employer had 100 or fewer employees on average in 2019, the credit is based on wages paid to all employees, regardless if they worked or not. If the employees worked full time and were paid for full time work, the employer still receives the credit
            2. **Employers with more than 100 employees**: If the employer had more than 100 employees on average in 2019, then the credit is allowed only for wages paid to employees who did not work during the calendar quarter.
   3. **If you received a PPP in 2020 then you are not allowed to use ERTC.**
   4. The complete 2020 guidance is here:

<https://www.irs.gov/newsroom/irs-employee-retention-credit-available-for-many-businesses-financially-impacted-by-covid-19>

1. **The Employee Retention Tax Credits 2021:** 
   1. The Economic Aid Act of 12/27/20 does indicate that there will be changes to the ERTC but no guidance has been received as yet.
   2. Again, the best way to stay abreast of the use of this program is to be in contact with your Accountant/CPA.
2. **Other available Loan Options - For more details on these loan vehicles go directly to your local VT bank and/or the SBA:**
   1. **Debt Relief Programs**

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

* + 1. **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. We have the following additional information on these programs:
       1. The SBA will automatically pay the principal, interest, and fees of current 7(a), 504, and microloans for a period of six months.
       2. The SBA will also automatically pay the principal, interest, and fees of new 7(a), 504, and microloans issued prior to September 27, 2020.
       3. For current SBA Serviced Disaster (Home and Business) Loans: If your disaster loan was in “regular servicing” status on March 1, 2020, the SBA is providing automatic deferments through **December 31, 2020.** Note these refer to other EIDL programs that have been accessible post previous disasters (Tropical Storm Irene being one).
    2. **The SBA Express Bridge Loan (EBL) Pilot Program CLOSES 3/13/21:**  allows small businesses that currently have a relationship with an SBA Express Lender to access up to $25,000. These loans can help small businesses overcome the temporary loss of revenue they are experiencing and can be a term loan or used to bridge the gap while applying and waiting for a direct SBA Economic Injury Disaster loan.
       1. Given the high volume of PPP applications that banks are processing we have not been made aware of any banks that are processing this loan at the moment. But you can certainly request information from your lender.
       2. A couple of things to note about this loan:
       3. You must be able to prove that you cannot borrow this money elsewhere.
       4. It is a fundamental of the EBL program that you must have an existing relationship with the bank in order to access this loan.
       5. And if you do get an EIDL the proceeds must be used to pay this back in full or part.

1. **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/**](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:
   1. Profit and Loss.
   2. Balance Statement.
   3. 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.
   4. Three years of completed tax returns (personal and business). If 2019 is not complete, then a 2019 Profit & Loss Statement.
   5. Up to date Accounts Payable.
   6. Up to date Accounts Receivable.
   7. 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.

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