



# SBA UPDATES

## Update on SBA Provisions included in pending Legislation

The new legislation allocates \$349,000,000 to emergency loans and grants from the Small Business Administration.

It includes several new loan provisions

- Paycheck Protection Program
  - Available to businesses, non-profits, and sole proprietors with less than 500 employees
  - Covers period from 2/15-6/30/2020
  - Physical location limit raised for NAICS code 72 businesses (Accommodation and Food Services)
  - Expanded to include franchises
- Expanded availability of traditional SBA Express loans
  - Cap Raised from \$350,000 to \$1,000,000
  - Applications are processed by SBA lending institution partners
  - Funding in 36 hours
- Loan forgiveness
  - Loan recipient will need to provide documentation of actual expenses during covered period
  - Forgivable amounts based on a calculation of payroll, utilities, rent or mortgage, debt interest and employee benefits
- Emergency EIDL Grants
  - Credit based no-doc or other alternative methods for approval
  - Available for covered expenses or any obligations resulting from revenue loss
  - Funding of \$10,000 is available within 3 days upon request
  - Does not have to be repaid even if applicant is denied for other loans, but may it reduce forgiven amounts if other EIDL loans are used and forgiven

Most loans are available for businesses operating as of 2/15/2020. Provisions have been added to remove personal guarantee and make loans nonrecourse. Businesses that received loans under this program prior to enactment of the law (but no earlier than January 31, 2020) can refinance into new loan programs.

### SBA Update (continued)

EIDL loans will be available for sole proprietors and subcontractors. These individuals will need to have proof of business operations, including payroll tax filings or 1099-MISC issued to them. Presumption of adverse impact is included in the provisions, this will expedite certification process. Loans forgiven under this program will not be included in income for tax purposes.

The program will be expanded in the coming weeks to allow current and new SBA lenders to participate in certain aspects of the program. This will help alleviate the overwhelming amount of applications the SBA is attempting to process on its own since the program was launched earlier this month.