

# Disaster COVID-19 Business Lending & Grants (State & Federal) 21-501

## June 7, 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 21-401 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.

**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>

**The FAQ's on the EIDL Program** are here (and continue to be updated – last update 4/27/21)

[https://www.sba.gov/sites/default/files/2021-05/COVID-19%20EIDL%20FAQs\\_FINAL-508.pdf](https://www.sba.gov/sites/default/files/2021-05/COVID-19%20EIDL%20FAQs_FINAL-508.pdf)

- 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 1<sup>st</sup> 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.
- xii) 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.
- 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.
- xiii) 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.
- xiv) 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>
- xv) You must pay your EIDL via Pay.gov. Read all instructions very carefully. Here is the link:  
<https://pay.gov/public/form/start/3723407>
- xvi) 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>

### c). Increases in EIDL Amounts

- i) The EIDL loan amount available has been increased to \$500,000.
  - (1) If you previously received the streamlined COVID EIDL for \$150,000 you will be contacted directly (via email) to ask if you want to apply for an increased amount.
  - (2) If you want the increase send email to [CovidEIDLIncreaseRequests@sba.gov](mailto:CovidEIDLIncreaseRequests@sba.gov)
    - (a) Use subject line "EIDL Increase Request for [insert your 10-digit application number]"
  - (3) Be sure to include in the body of your email identifying information for your current loan including application number, loan number, business name, business address, business owner name(s), and phone number.
  - (4) **Important: Do not include any financial documents or tax records with your initial request. You will receive a follow up email notification if additional documents are**

**needed.** The next step instruction email can take up to six weeks to come after you have said yes to the initial email.

(5) Note:

- (a) The increase will be based on unmet need and you should anticipate that more financial documentation will be requested.
  - (b) Also remember that the EIDL is the Economic Injury Disaster LOAN so make sure you do the calculations to determine if you can afford to acquire debt.
  - (c) The SBA will require an unsecured personal guarantee for loan amounts over \$200,000 from any individual with 20 percent or more ownership.
  - (d) Real estate collateral will not be required for any loans of \$500,000 or less.
- ii) If you still have unmet need and initially received less than \$150,000 you can apply for an increase. The process is called “reconsideration”:
- (a) Reconsideration (up to \$500,000) can be requested for two years from the date of your initial loan documents.
  - (b) To begin that process email: [PDC.Reconsideration@sba.gov](mailto:PDC.Reconsideration@sba.gov)
  - (c) This process will require additional documentation and clear instructions will be provided by the loan officer you are assigned.
  - (d) We have received information that the Reconsideration process is taking at a minimum of 8 weeks (and potentially longer).
  - (e) You can check the status of your Reconsideration within your loan portal.
- iii) Note that there has been an extension of the deferment of payments on the EIDL:
- (1) If you received your EIDL in 2020 your first payment has been deferred to 24 months from the date of signing the loan documents.
  - (2) If you received your EIDL in 2021 your first payment has been deferred to 18 months from the date of signing the loan documents.
  - (3) Interest is accruing during the period the loan payments are deferred. To check the monthly interest amount you should set up your payment process (see information about on Pay.gov).
    - (a) Any accrued interest will be added to the principal amount after deferment and re-amortized.
    - (b) Note that they also report a daily interest figure when you are in your loan portal.
    - (c) To determine your accruing monthly interest: Your initial loan amount x 3.75% divided by 12.
      - (i) For example a \$150,000 EIDL would be:  
 $150,000 \times 3.75\% = \$5,625$  (annually) divided by 12 = \$469.00 per month.  
And assuming a 30-day month = \$15.63 per day

**Note:** There have been some instances of lengthy delays in processing requests for EIDL Increases. The SBA has noted that one of the causes of these delays is that the final submit button on the application is being missed. If you do an EIDL Increase make sure that you hit submit. Then check the portal a day later and it should say that the application is in process (or under review). If the delay persists contact the Loan Increase Program using the information provided in the email you were sent alerting you to the opportunity to apply for the increase.

## 2) Targeted EIDL Advance

This program is 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](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](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.
- l) If you applied for the Targeted Advance and were declined you can request a review of the application:
  - i) Email [targetadvancereevaluation@sba.gov](mailto:targetadvancereevaluation@sba.gov)
  - ii) In the subject line: Re-evaluation Request for Application # \_\_\_\_\_
  - iii) In the body of the email include:
    - (1) your Business name, address, the owner's name and phone number.
    - (2) And an explanation of the reason you disagree with the decline.
  - iv) They will be in touch via the email or phone you provided.

**a). The Targeted EIDL SUPPLEMENTAL Advance:**

On April 22, 2021 the SBA announced that they were modifying the Targeted EIDL Advance process to determine if businesses also qualify for an additional \$5,000 Supplemental Targeted Advance (for a maximum total of \$15,000).

If you previously qualified for the Targeted Advance (see above) then you will be contacted by the SBA directly.

- 1) Your business must be located in a low-income community  
<https://sbaeidl.policymap.com/newmaps#/>
- 2) Can prove more than a 50% economic loss during an eight-week period beginning on March 2, 2020, or later, compared to the same period of the previous year. Applicants need to provide gross monthly revenue (all forms of combined monthly earnings received, such as profits or salaries) from January 2019 to the current month-to-date.
- 3) Has 10 or fewer employees. This includes sole proprietors, independent contractors, private nonprofit organizations, and others that usually qualify for the EIDL program. However, agricultural businesses, such as farmers and ranchers, are not eligible for the Supplemental Targeted Advance. Farmers and ranchers may still apply for loan assistance through the COVID-19 EIDL program.

You will be notified via email if you are approved and a direct ACH deposit to the bank account provided in your original application for the Targeted EIDL Advance.

Note: there have been some instances where deposits for both the Targeted EIDL Advance and the Targeted EIDL Supplemental Advance have been returning funds to the SBA. The SBA has published the following FAQ's to assist you in restoring your funds:

a) Q: My business was approved for a Targeted EIDL Advance (or Supplemental Targeted Advance) and I was informed that funds had been sent to my bank. However, the money never showed up in my account and my bank says it returned the funds to SBA. Since you have determined my business is qualified, how can I get those funds?

A: We are working on an update to our system that will enable us to re-disburse those funds as soon as possible. If you have not already done so, [please send an email](#) with a photo ID front and back and a check with the word "VOID" written across it. Please start the subject line of your email with your application number and send to: [COVIDAdvanceBankReturns@sba.gov](mailto:COVIDAdvanceBankReturns@sba.gov)

b) Q: Will I lose my place in line and have my funds given to another business?

A: No. If the original disbursement was returned by the bank, be assured the funds were obligated for you and will remain available, even if the issue is not resolved immediately.

c) Q: How long will I have to wait?

A: We don't have a specific time frame, but we are working diligently to resolve the issue quickly.

d) Q: How will I know the matter has been resolved?

A: Businesses awaiting re-disbursement will be notified when the funds are re-disbursed.

e) Q: Why would the bank return the funds instead of putting them into my account?

A: Some common reasons funds are returned is that the account is closed, the applicant provided an incorrect routing or account number, the name or EIN number on SBA's deposit does not match the name or EIN number on the bank account, or the account is a personal account rather than a business account. You will need to contact your bank to learn the reason specific to your case.

f) Q: What does SBA do when funds are returned to us?

A: Our staff examines every case where funds are returned and contacts the applicant to request any additional information or documentation needed to overcome the reason for the return. Additional documentation includes but is not limited to a copy of the applicant's photo identification and voided check for the correct account. Once we have the information needed to clear the issue, we take the necessary actions.

### 3) The Paycheck Protection Program (PPP): **CLOSED 5/31/21**

### 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.***

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](http://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: There are currently THREE different Applications for Forgiveness (see more information below) and although a FOURTH forgiveness application was expected there has been no announcement of when it might be available. It is now imperative that you calculate when your application for forgiveness is due:**

**Your business has 10 months from the end of your covered period (8 or 24 weeks from the date you received the loan money). We suggest you do the calculation of when your forgiveness application is due (we also expect the bank that issued the loan will keep you updated) to see whether you now have to use one of the existing three applications or can wait for the much simplified fourth application.**

**For example: if you received your PPP on May 1, 2020 and used it for 8 weeks your forgiveness application would be due now (end of April). If you received your PPP on May 1, 2020 and used it for 24 weeks your forgiveness application would be due: mid-August 2021.**

**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.**

**Note: if you find, as you do your forgiveness application, that you would like to review allowable uses of PPP funds and any information on eligibility requirements you can refer back to the 21-401 which contains all of that information. Contact your VtSBDC Advisor if you need a copy.**

**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>

An additional SBA Procedural Notice has been released to clarify when the PPP loan proceeds must be used to refinance an EIDL. Note: this is a very rare occurrence on EIDL's that were between 1/21/20 and 4/3/20:  
<https://home.treasury.gov/system/files/136/PPP--Forgiveness-Application-and-Instructions--3508S-5.24.2021-508.pdf>

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

- i) Here is the link to the form updated 1/19/21 and 5/24/21:  
<https://home.treasury.gov/system/files/136/PPP--Forgiveness-Application-and-Instructions--3508S-5.24.2021-508.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 and 5/24/21:  
<https://home.treasury.gov/system/files/136/PPP--Forgiveness-Applications-and-Instructions--3508EZ-5.24.2021-508.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.

**c). The 3508 (the long form):**

i) Here is the link to form updated 1/19/21 and 5/24/21:

<https://home.treasury.gov/system/files/136/PPP--Forgiveness-Application-and-Instructions--3508-5.24.2021-508.pdf>

- (1) The long form is still waiting additional clarification from both Treasury and the SBA.

d). **PLEASE NOTE: If you received a First Draw PPP BEFORE 12/27/20** you now must contact your bank and fill out the following form (Borrower's Disclosure of Certain Controlling Interests). If you have any questions contact your bank and they will assist you in completing the form:

<https://www.sba.gov/sites/default/files/2021-05/SBA%20Form%203508D%20%285.24.2021%29-508.pdf>

e). There is an appeal process for businesses in the case that their PPP Loan Forgiveness is denied in total or in part by the SBA. Here are the verbatim instructions from the SBA on the appeal process:

- ii) If and when an SBA PPP Loan forgiveness application is denied in total or in part by SBA, SBA notifies the lender with instructions and guidance to provide to the borrower on the reasons and the process for requesting an appeal of SBA's decision.
- iii) The first thing the borrower needs to do is confirm that the SBA denied the SBA PPP Loan forgiveness request. SBA cannot entertain any reconsideration requests on forgiveness until the SBA denies the request from the lender.
- iv) The problem SBA is having with many of the PPP Loan forgiveness applications is that the lender is not submitting a full forgiveness request to the SBA because they know much of what borrowers are submitting is not eligible. The only advice we can give these borrowers is to work this out with the lender. The lender should have given the borrower clear instructions on what was needed to qualify for full forgiveness and if the borrower did not do this, then they are not eligible. The SBA agreement is with the lender, not the borrower. SBA cannot respond to borrower inquiries unless the lender and borrower agree in writing. To do otherwise places the SBA guarantee at risk.
- v) If the forgiveness request submitted, by the lender, is rejected, then there is an appeal process through the Office of Hearings and Appeals (OHA). Now it is possible to submit an appeal with a lender rejection, but ONLY if they have completely denied 100% forgiveness. But this is a request and is not guaranteed.
- vi) Also, the SBA is automatically reviewing any PPP loan over \$2 million, and is randomly selecting loans less than this, but you cannot request this. Otherwise the lender decisions will stand.
- vii) You have 30 days to file this after you have received the SBA decision from your lender. These are the things you will need for your appeal:
  - (1) Cite the law that grants the authority to the OHA to hear the petition, and certification that the petition is being filed by the deadline. See the following link: [Federal Register :: Appeals of SBA Loan Review Decisions Under the Paycheck Protection Program](#)
  - (2) A copy of the SBA loan review decision given to the lender, the lender is required to give to the borrower a copy.
  - (3) A statement on why the borrower thinks the decision is wrong.
  - (4) What you want in terms of forgiveness.
  - (5) Tax filings reported to the IRS, state quarterly employee wage reporting copies, and unemployment insurance tax filings OR if the borrower doesn't have these, then why these are irrelevant or unavailable.
  - (6) Copies of federal tax returns and appropriate schedules filed with the IRS showing self-employment or partner income OR an explanation as to why they're irrelevant or unavailable
  - (7) Your or your lawyer's name, address, phone number, email address, and signature

(8) Send the above to:

Associate General Counsel for Litigation  
U.S. Small Business Administration  
409 Third Street SW  
Washington, DC 20416

(9) The email address for appeals is: [OLITService@sba.gov](mailto:OLITService@sba.gov)

viii) A judge will review the petition and we are expecting this to take 45 days. Any party can file a request for reconsideration of this initial decision. You and the SBA have 10 calendar days after the judge's initial decision to ask them to reconsider. Then, the judge has 20 calendar days to reconsider their initial decision. The judge's initial decision becomes an SBA final decision 30 calendar days after receiving the initial decision.

## 5). Restaurant Revitalization Fund (RRF) – CLOSED

**This Program CLOSED for applications on May 24, 2021.**

If you receive an RRF the following information is relevant:

**Allowable Expenses** can be paid from February 15, 2020 to March 11, 2023 and will require annual documentation on how the funds were used:

- 1) Business payroll costs, including sick leave and costs related to the continuation of group health care, life, disability, vision, or dental benefits during periods of paid sick, medical, or family leave, and group health care, life, disability, vision, or dental insurance premiums.
- 2) Payments on any business mortgage obligation (both principal and interest; note: this does not include any prepayment of principal on a mortgage obligation).
- 3) Business rent payments, including rent under a lease agreement (note: this does not include any prepayment of rent).
- 4) Business debt service (both principal and interest; note: this does not include any prepayment of principal or interest).
- 5) Business utility payments for the distribution of electricity, gas, water, telephone, or internet access, or any other utility that is used in the ordinary course of business for which service began before March 11, 2021.
- 6) Business maintenance expenses including maintenance on walls, floors, deck surfaces, furniture, fixtures, and equipment.
- 7) Construction of outdoor seating.
- 8) Business supplies, including protective equipment and cleaning materials.
- 9) Business food and beverage expenses, including raw materials for beer, wine, or spirits.
- 10) Covered supplier costs, which is an expenditure made by the eligible entity to a supplier of goods for the supply of goods that:
  - a. Are essential to the operations of the entity at the time at which the expenditure is made.
  - b. And are made pursuant to a contract, order, or purchase order in effect at any time before the receipt of Restaurant Revitalization funds.
  - c. With respect to perishable goods, a contract, order, or purchase order in effect before or at any time during the covered period.

11) Business operating expenses, which is defined as business expenses incurred through normal business operations that are necessary and mandatory for the business (e.g. rent, equipment, supplies, inventory, accounting, training, legal, marketing, insurance, licenses, fees). Business operating expenses do not include expenses that occur outside of a company's day-to-day activities. Again note: Past-due expenses are eligible if they were incurred beginning on February 15, 2020 and ending on March 11, 2023.

## 6). Shuttered Venue Operators Grant (SVOG)

This program is OPEN and **is still accepting applications**

**NOTE: The first award of an SVOG was made on Wednesday May 26, 2021 and the priority periods have been activated.**

There is now an Awards Report that will be updated:

[https://www.sba.gov/sites/default/files/2021-06/SVOG%20Public%20Report%20-%20Midday%20June%203%202021-508\\_0.pdf](https://www.sba.gov/sites/default/files/2021-06/SVOG%20Public%20Report%20-%20Midday%20June%203%202021-508_0.pdf)

There are a number of issues that have arisen around the 4506-T and other IRS issues. If you are contacted and want some additional assistance you can reach out to Debra Boudrieau (on our team at VtSBDC) via email [dboudrieau@vtsbdc.org](mailto:dboudrieau@vtsbdc.org).

The Shuttered Venue Operators (SVOG) 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.

SVOG Grant Portal page:

<https://www.svograntportal.sba.gov/s/>

**The hotline to call with questions: 1-800-659-2955**

**The email for questions: [svogrant@sba.gov](mailto:svogrant@sba.gov)**

You should sign up for email alerts on the program:

[https://public.govdelivery.com/accounts/USSBA/subscriber/new?topic\\_id=USSBA\\_347](https://public.govdelivery.com/accounts/USSBA/subscriber/new?topic_id=USSBA_347)

### **SVOG Preparation Steps, Checklists and Application:**

- 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>
- 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](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 gather 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/2021-04/SVOG%20Application%20Checklist\\_20210423-508.pdf](https://www.sba.gov/sites/default/files/2021-04/SVOG%20Application%20Checklist_20210423-508.pdf)
- i) It is suggested that you save all documents as PDF's and keep them in a folder on your desktop for easy access during the application process.
- 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/2021-04/SVOG%20FAQs%204-23-21%20FINAL-508.pdf>
- e) Once you have determined that you are eligible and have all the necessary information and documents to continue you should register here:  
<https://www.svograntportal.sba.gov/s/>
- f) Create a folder with all of your information including your user name and password and your verification number (which you will receive instructions on when you register).
- g) Print the Application (SBA 3515) and gather all data before entering the application process:

<https://omb.report/icr/202104-3245-006/doc/111070901.pdf>

- h) Print the Application Guide and have it by your side when you do your application on-line. We have been told this is a very helpful and suggested step:

[https://www.sba.gov/sites/default/files/2021-04/SVOG\\_UserGuide\\_4-23-21\\_FINAL-508.pdf](https://www.sba.gov/sites/default/files/2021-04/SVOG_UserGuide_4-23-21_FINAL-508.pdf)

- i) They have added FAQ's on what happens post application/pre-award:

<https://www.sba.gov/sites/default/files/2021-05/5.26.21%20SVOG%20Post-Application%20FAQs-508.pdf>

- j) HINTS:

- i) Chrome is, according to many applicants (and the SBA Hotline), the best browser to use when doing the application.
- ii) Save often while you are entering information.
- iii) You can save the application and return to it.
- iv) Take your time and double check all entries as you CAN NOT make changes to your application once it is submitted.
- v) If there is a place for a document to be uploaded it is better to upload something even if it is simply a written explanation of why you do not need to upload the requested document.
- vi) A human being will review your application so if there is something you want the reviewer to know create a word document and upload it at the end of the application.
- vii) If there is something on a document you want to bring to the attention of the reviewer then make a note and sign it with your name and title and date.
- viii) If the proposed budget amount is less than the possible award amount and you are awarded monies they will award the lesser amount of the budget.

- ix) If you are having trouble with the 4506-T form which is required the SBA has added some additional instructions on the process:

<https://www.sba.gov/document/support-svog-4506-t-information>

- (1) Here is the correct 4506-T form:

<https://www.sba.gov/sites/default/files/2021-04/SBA%20Form%204506T%20-%20March%202019%20Version-SVOG-fillable-v2%20instruct-508.pdf>

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

- (1) Must have been in operation as of February 29, 2020
- (2) May have applied and been approved for a PPP loan prior to December 27, 2020
- (3) MAY NOW APPLY for a First or Second Draw PPP prior to be approved for an SVOG.
  - (a) Once a business has received an SVOG they become ineligible for the PPP loan.
  - (b) If a business did receive a PPP loan AFTER 12/27/20 and are awarded an SVOG the PPP loan amount will be deducted from the SVOG award amount.

- 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) **Notification of Award:**
- (1) Will come via email with detailed instructions on next steps.
  - (2) **IMPORTANT:** The SVOG Team has asked that we pass on the request to read all material very carefully and watch the YouTube video that is being provided BEFORE you sign the loan documents. Please do not sign the documents prior to watching the video.
  - (3) FAQ's for Awardees have been posted and will be updated frequently:  
<https://www.sba.gov/sites/default/files/2021-05/5.26.21%20SVOG%20Awardee%20FAQ-508.pdf>
  - (4) Record keeping requirements currently outlined:
  - (5) Grantees will be required to maintain documentation demonstrating their compliance with the eligibility and other requirements of the SVO Grant program.

- (6) 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. The SPSP (Sole Proprietor Stabilization Program) Round 2 – \$1.6 Million – **CLOSED 5/26/21**
2. **Economic Recovery Bridge Program – Recovery Grants 3.0 – \$30 Million**  
**OPENS June 7, 2021 at 9 am.**

**Please note: this is a complex application process that can only be done via the ACCD (the VT Tax Department is not accepting applications via your tax portal). Take the time to read all of the instructions.**

**The application portal is here:**

<https://accd.vermont.gov/covid-19/economic-recovery-bridge-program>

**First** make sure that you meet the eligibility requirements and then if you do:

- Read all of the material provided below and the program guidelines on the ACCD site:  
<https://accd.vermont.gov/sites/accdnew/files/documents/ACCD%20Economic%20Recovery%20Bridge%20Grants%20Guidelines%20-%2020210427.pdf>
- Watch the ACCD Webinar:  
<https://accd.vermont.gov/sites/accdnew/files/documents/Economic%20Recovery%20Bridge%20Program%20Overview%20Webinar%20-%2020210604%201200.pdf>
- Gather all of the required documentation and prepare it for upload within the application.
- **If you DO NOT have a DUNS number you MUST HAVE one to submit an application.** See instructions below (f) and apply for a DUNS immediately.
- **You will NEED a SAM Registration** to receive the award money. The SAM number is not required to apply but you are encouraged to begin the process now (see instructions below in section g) as you will not be awarded money without this registration.

FAQ's for the program are here and will be updated:

<https://accd.vermont.gov/sites/accdnew/files/documents/About/accd/COVID19/bridgeprogramFAQ%207s612021.pdf>

For a specific question for your business that is not answered in any of the material provided send an email to: [ACCD.COVID19@VERMONT.GOV](mailto:ACCD.COVID19@VERMONT.GOV) or call 802-828-1200 (Monday-Friday 8:30 am-4:00 pm).

- a) Eligible businesses must meet **ALL** of the following criteria in order to access the grant funds:
  - i) Must be domiciled, or have its primary place of business in Vermont.
  - ii) Is organized and operated:
    - (1) On a for-profit basis, including a sole proprietor, partnership, LLC, business corporation, cooperative, or mutual benefit enterprise.

- (2) OR on a non-profit or low-profit basis, including a mutual benefit corporation, public benefit corporation, and a low-profit limited liability company.
  - iii) Is open at the time of the application;
    - (1) OR is closed at the time of application due to the COVID-19 public health emergency but has plans to re-open.
  - iv) Is in compliance with current State health and safety protocols established by the Vermont Forward Re-Opening Plan.
  - v) Can demonstrate that the business experienced a net loss in 2020, greater than any net loss reported in 2019, via submitted federal tax returns:
    - (1) If 2020 taxes have not been filed an application WILL NOT BE ACCEPTED.
      - (a) You can talk with your accountant about filing quickly and once the taxes are filed if the application is still open you can apply if you meet the net loss criteria.
  - vi) Is in good standing with the Vermont Department of Labor (if applicable, to be confirmed by reviewers).
  - vii) Is in good standing with the Vermont Secretary of State (if applicable, to be confirmed by reviewers).
  - viii) Is in good standing with the Vermont Department of Taxes.
  - ix) Is not currently in Chapter 7 bankruptcy.
- b) Documents required for the application process are as follows. Before you begin your application you should collect them all and name them with your business name, type of document and date. PDF's and jpegs are accepted. Also, we strongly suggest that you save these into a desktop file name ACCDBridgeGrant.2021 and also print and keep a hard copy in a folder of the same name):
- i) Federal Employer Identification Number (FEIN) or Social Security Number (sole proprietors only).
  - ii) DUNS number (see below for instructions).
  - iii) The North American Industrial Classification System (NAICS) code for the applying company.
  - iv) Monthly P&Ls for the period from January 2020 through April 2021, which are used as the basis for calculating net income.
  - v) Information about any compensation or assistance an applying business has received or applied for from:
    - (1) the Federal Paycheck Protection Program (PPP) loans in 2020 or 2021 and the amounts forgiven;
    - (2) Economic Injury Disaster Loan (EIDL) advances (grants);
    - (3) any other direct federal or state grant funds for economic damages incurred as a result of COVID-19 in 2020 and 2021.
    - (4) Note this does NOT include the amount of your EIDL (which is a loan).
  - vi) State and Federal Tax Returns for 2019 and 2020;
  - vii) Uploads of one month of invoices for the following fixed monthly expenses (note these invoices MUST be from the SAME month and you can pick any month between January 2020 and April 2021):
    - (1) Commercial mortgage or rent

- (2) Business insurance
- (3) Electricity
- (4) Heat;
- (5) Water
- (6) Sewer service
- (7) Telecommunications services (phone service including landline and cellular and business-related cable service)
- (8) Internet service.

viii) **ADDITIONALLY**, businesses that are closed at the time of application must provide:

- (1) An attestation (provided in the application) that the applicant will use grant funds for resuming business operations and economic recovery.
- (2) A brief, written description (provided in the application) of its good-faith plan to reopen.

c) The Grant Award will be calculated as follows:

i) **Three times the sum of fixed monthly expenses as evidenced by the uploaded invoices of the following eligible fixed monthly expenses** include (as determined by the uploaded invoices):

- (1) Commercial mortgage (less Property Taxes which are not eligible fixed expense)
- (2) Or rent
- (3) Insurance
- (4) Electricity
- (5) Heat
- (6) Water
- (7) Sewer service.
- (8) Telecommunications service
- (9) Internet service.

Note: if you work from home you will use the expenses limited to the “Business Use of Home” percentage you claim on your Federal and State tax returns. And you will need to upload a scan of the monthly invoices with a notation on each of the % and \$ amount that can be claimed.

**However, grant awards shall not exceed the lesser of:**

- The applicant’s remaining net loss after the addition of non-taxable prior assistance.
- Or a cap of \$150,000.

d) The Award Periods are prioritized as follows:

i) Within the first 30 days of grants being accepted first priority grant awards will be issued to applicants who meet **ALL** of the eligibility requirements (see above) and the below criteria:

- (1) The business has **NOT** received, and **DOES NOT** have a pending application for any State or Federal financial assistance in 2020 or 2021 (this includes, but is not limited to):
  - (a) Paycheck Protection Program loans and Grants;
  - (b) Economic Injury Disaster Loans and Grants;
- (2) **OR HAS NOT** received any other direct financial assistance provided by Coronavirus Relief Funding or ARPA Funding including:
  - (a) Vermont Economic Recovery Grant.
  - (b) Sole Proprietor Stabilization Program Grant.
  - (c) Healthcare Provider Grants.

- (d) Restaurant Revitalization Grants Funding.
- (e) Shuttered Venue Grants.
- (f) Vermont Agricultural Grants.
- (3) **AND** the business suffered a net-loss in 2020, as shown on a federal tax return.
- ii) After the 30-day initial grant application window if there are still funds available, the Agency of Commerce and Community Development will continue to give first priority grant awards per the criteria above. However, after the initial 30-day window a second-tier criteria (see below) will be instituted for businesses who suffered a 2020 net tax loss, **AND** still can demonstrate a net loss **AFTER** adding back the amounts of non-taxable assistance received in 2020 and 2021.
  - (1) This assistance includes non-taxable State or Federal financial assistance:
    - (a) Paycheck Protection Program forgiven loans.
    - (b) Economic Injury Disaster Grants.
    - (c) Any other nontaxable direct financial assistance provided by Coronavirus Relief or ARPA Funding.
- e) General Information (these and more are addressed in the FAQ's):
  - i) If you are a non-profit you will not have to show a net loss on your 2020 tax return.
    - (1) However, if you do a file a tax return (a 990 for example) the ACCD request you upload them in the 2019 and 2020 tax return fields.
  - ii) If you have applied for a State Grant previously thru the ACCD sign back into that account using your existing user name and password.
  - iii) Awards will be made on a first come first served basis.
  - iv) Applicants that have received prior state or federal assistance, or who have a pending application for assistance will be able to apply, however, only applicants who have not received prior state or federal assistance may be awarded in the first 30 days from when the program opens.
  - v) The award money is subject to Federal and State taxes.
  - vi) There is no time limit for use of funds.
  - vii) Business awarded funds will attest to using the funds only to supplement business operations.
  - viii) There will be additional statements and qualifiers that the business owner will attest to in submitting the application. Read these carefully and make note of what they are.
  - ix) Maintain detailed records following an award as your records will need to be made available if requested for five years.
  - x) Carefully review all of the information that you supply. For example, the reviewers will be looking for the monthly profit and loss statements to match what has been reported on the tax returns.
    - (1) If there is a legitimate reason they don't match then a written explanation should be provided.
  - xi) If you have not filed your 2020 business taxes you will not be eligible for the application process until your taxes are filed.
  - xii) The application is very clear about which lines from your tax return are needed to prove net loss.

- xiii) Special attention will be given to whether you reported the taxable COVID relief that your business received (Federal and State) correctly.
- xiv) If you have applied for either the RRF (Restaurant Revitalization Fund) or the SVOG (Shuttered Venue Operators Grant) and you have not gotten a notice of award or a notice of refusal you can still apply for the Bridge Program and your application will be held until determinations come from those programs.
- xv) Businesses started in 2021 are not eligible because they do not have 2020 tax returns. The only exception would be the purchase of an existing business that the new owner could provide the previous owners 2020 returns and all other eligibility requirements were met.
- xvi) All business sectors are eligible but the VT Legislature has asked for priority consideration for the sectors of hospitality, travel and leisure.
- xvii) If you have multiple businesses you may do an application for each if they have separate EIN's and file separate tax returns.
- xviii) Monies received from PUA do not have to be accounted for in this application process.
- xix) No time line has been given for how long the process of review of applications will take and when the first award will be made. As noted by the ACCD staff this is a complex application and they are going to review each one carefully.

f) To apply for a DUNS:

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.

- (1) 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 statements (front page) and a utility bill.
- (2) 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.
- (3) Dun & Bradstreet will phone you multiple times following receipt of your number to sell you services. Our suggestion, simply hang up.
- (4) Apply here for your number:  
<https://fedgov.dnb.com/webform/>

g) To apply for a SAM (System for Award Management) registration (again we suggest as soon as you submit your application you begin this process as it takes a minimum of two weeks to receive your number and complete the registration steps):

- i) Review this Quick Guide:  
[https://www.sam.gov/SAM/transcript/Quick\\_Guide\\_for\\_Grants\\_Registrations.pdf](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/>

3. **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/>

### **Other Important Information**

4. **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>

5. **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) For full FFCRA FAQ's: <https://www.dol.gov/agencies/whd/pandemic/ffcra-questions>

## 6. 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.

## 7. 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>

**8. 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/>

**There is a new video Guided Tour of the Roadmap here:**

<https://youtu.be/tMvPuEYQl-0>

- 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, 2020 and 2021 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 2020 is not complete, then a 2020 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](http://vtsbdc.org)) and the Regional Development Corporation in your region.

*Please note: You are receiving this email because you are either a current client who has asked for updates on federal and state loans and grants and other COVID-19 related programs or someone who has reached out to VtSBDC since the pandemic began and has asked to be put on our mailing list. If at any time you would like to be removed from our distribution list and no longer receive these updates please reply to this email and request to be removed. Thank you.*