

# Navigating the CARES Act and Payroll Protection Program Round 2

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# Changes/Clarifications for Current Borrowers

- EIDL Advance is yours to keep taxfree
  - SBA will make borrowers whole
- No Tax Impact for PPP Forgiveness
- Some borrowers can apply for increase to first PPP
  - Additional insurance, partner compensation
- Payroll Tax deferral until 12/31/21. No interest or penalties
- EIDL loan prior to 4/3/20 but no PPP: May be able to convert EIDL to PPP
- Numerous tax changes. Note: Employee Tax Retention Credit interplay with PPP

# Paycheck Protection Program (PPP)

## First Draw PPP still available

- If you get a First Draw now it is unlikely that you will be able to get a Second Draw.

## Second Draw Eligible Entities

- In business on or before 2/15/2020
- Less than 300 employees (some exceptions)
- 25% or more drop in Gross Receipts for a calendar quarter
  - Can show full year drop
  - PPP > \$150K can document drop at time of forgiveness

## Borrower must certify

- Loan is a necessity
- First PPP has been, or will be spent prior to distribution

# Second Draw PPP: Amount of PPP & Forgiveness

## 2.5x the Average Monthly Payroll

- Can use 2019 or 2020

## 3.5x the Average Monthly Payroll for NAICS Code 72\*\*\*\*\*

- Restaurants, hotels, motels and certain other food and lodging businesses

Capped at \$2MM

## Payroll definition includes additional expenses

- Group life, disability, vision and dental insurance
- Can ask for an increase in First PPP if not included

# Community Development Lenders for PPP

## Colorado Lending Source

- <https://info.coloradolendingsource.org/>

## Dream Spring (formerly Accion)

- [https://dreamspring.formstack.com/forms/paycheck\\_protection\\_program\\_2\\_reservation?utm\\_source=dreamspring](https://dreamspring.formstack.com/forms/paycheck_protection_program_2_reservation?utm_source=dreamspring)

## Colorado Enterprise Fund

- <https://coloradoenterprisefund.org/Paycheck-Protection-Program>

# Documents Needed

*Much more, but to get started.....*

- Evidence your biz in operation before February 15, 2020
- Certificate Good Standing Colorado Secretary of State
- Driver's License
- Historical Record of Pay from 2019 or 2020
  - Schedule C if no employees
  - 941s if employees

# PPP Forgiveness

## Forgiveness

- 60% must still be payroll and can be spent over 8-24 weeks
- Simple form for > \$150K
- If needed lots of other qualified expenses. COVID expenses and “almost” all normal operating expenses.
- Rules very similar to first round (FTE counts, Safe Harbors, etc.)

# Deadlines and Important Dates

## Paycheck Protection Program Funding Applications

- Current program ends on March 31<sup>st</sup>, 2021
- As of 2/15/21: \$126 Billion Approved (roundly 44% of allocated funds)

## Paycheck Protection Program Forgiveness Applications

- Borrower must apply no later than 10 months from the end of the 24 - week reporting period.



# Economic Injury Disaster Loans (EIDL)

- The Lending Window is still Open
- Capped at \$150K, 3.75% interest, 30year term
- Direct from Treasury
- Payments deferred for 12 months
- Must have been in operation prior to March 10, 2020
- Must be able to demonstrate damage

# EIDL Targeted Advance, Small Business Relief Grants, SVOG

Note: Probably not for anyone on this call. If you want more information, please contact the Boulder SBDC

## EIDL Targeted Advance

- Must be in “low-income community”

## Small Business Relief Grants

- State funds administered at County level (CEF). Targeted industries. Essentially restaurants, bars, breweries, gyms, movie theaters

## Shuttered Venue Operator Grants (SVOG)

- Federal funds. Essentially live performance venues, some museums, movie theaters.

# Enhancements to Existing SBA Programs

## Extension of SBA Debt Relief

- Under CARES Act SBA made P&I payments for six-months (February through September).
- Under Economic Aid Act SBA will make P&I payments Feb, March and April up to \$9K max per month
- Some borrowers (underserved) may receive an additional 5 months of P&I payments

## Enhancement for New Money

### (7A, 504, Microloans, Community Advantage)

- Lender and borrower fees waived
- Guaranty increased to 90%
- If loan is approved, closed and disbursed between February and September 2021: 6 months of P&I payments will be made by the SBA
- Increase principle amounts on Express Loans and increased guaranties under \$350K