



SMALL BUSINESS RESOURCE GUIDE

COVID-19 Response



A Message from Congresswoman Lizzie Fletcher:

Dear Neighbor,

As we face the COVID-19 pandemic together, many of you have contacted me about the challenges facing small businesses and non-profit organizations that are pillars of our community.

As part of our ongoing efforts to respond to COVID-19, Congress has passed six relief bills to provide, among other things, resources for small businesses and non-profit organizations in the form of grants and loans that are administered by a network of local banks. There are two principal ways for small businesses to get grants and loans—which can be forgivable—through economic disaster loans and paycheck protection program loans relating to COVID-19. There are also industry-specific grant options available.

To help navigate this process, my team and I have prepared the following guide to provide a helpful framework for the application processes and different funding opportunities that are available to you.

If you need assistance with the Small Business Administration or other federal agencies, my team and I are here to help you. Call my office in Houston at (713) 353-8680 or visit my website to [submit your request for help with your case](#). Please do not hesitate to [share](#) your thoughts or questions as we face this challenge together.

I am honored to represent you, and I am here to help you.

Sincerely,

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Small Business Resources

National Resources

- [United States Small Business Administration \(Loans\)](#)
- [United States Chamber of Commerce](#)
- [United States Small Business Administration Office of Entrepreneurial Development](#)
- [Office of Veterans Business Development](#)
- [Small Business Development Centers](#)

Texas/Houston-area Resources

- [Texas Secretary of State](#)
- [Texas Economic Development](#)
- [Office of the Governor's Small Business Handbook](#)
 - [Governor's Small Business Resource Portal](#)
- [Houston SBA Guide](#) (includes localized information for):
 - Small business development centers
 - Women's business center
 - Veterans business outreach center
 - Programs for Veterans
 - Funding Programs
 - Approved SBA lenders
- [Houston Small Business Legal Consultations Program](#)



In response to the COVID-19 pandemic, the SBA offers assistance through two principal programs: Economic Injury Disaster Loans and the Paycheck Protection Program.

1. Economic Injury Disaster Loans

The SBA's Economic Injury Disaster Loan (EIDL) program provides small businesses with working capital loans that can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing.

Highlights

- May be used for working capital and to pay normal operating expenses unable to be met due to COVID-19 pandemic
- There is no longer a "credit elsewhere" requirement that bars businesses from eligibility that have access to credit from another source
- Loan is directly from the federal government (SBA)
- Applications must be submitted by December 31, 2021

Who Can Apply

- Small businesses (businesses with less than 500 employees or meet the industry size standard that have been in existence since January 31, 2020)
- Small agricultural cooperatives and agricultural businesses as defined by section 18(b) of the Small Business Act (15 U.S.C. 647(b))
- Most private non-profit organizations
- Eligibility verification can be completed by clicking [here](#)

Terms

- The term of these loans will not exceed 30 years
- The repayment term will be determined by your ability to repay the loan
- Payments are deferred for the first year, though they acquire interest during that time (3.75% for businesses and 2.75% for nonprofits)
- Collateral is required for loans over \$25,000, and personal guarantees are required for those over \$200,000
- A business may qualify for both an EIDL and a physical disaster loan, although funds from both cannot be used for the same purpose

Emergency Economic Injury Grants

These grants now provide an emergency advance of up to \$10,000 to businesses in low-income areas after they apply for an SBA Economic Injury Disaster Loan (EIDL). It can be used to keep employees on payroll, to pay for sick leave, to meet increased production costs, or to pay business obligations. The SBA has 21 days to approve and disburse this grant. To determine if your business is located in a low-income area and eligible for this grant, you can search your address at [this link](#).

How to Apply

Economic Injury Disaster Loans

- [Website](#)
- SBA Customer Service Center Phone Number: 1-800-659-2955
- SBA Customer Service Center Email: disastercustomerservice@sba.gov
- Phone Number for individuals who are deaf or hard-of-hearing: 1-800-877-8339
- Houston-area SBA Office: 713-773-6500
- [Frequently Asked Questions](#), last updated February 4, 2021

Documentation Needed

- [Disaster Loan Application](#), completed and signed
- A Disaster Assistance loan officer may request you fill out additional forms found [here](#)

Key Tips

- Review the United States Chamber of Commerce [Small Business Guide and Checklist](#)
- Utilize the latest versions of Microsoft Edge or Internet Explorer
- Access the website outside of peak hours (after 6:00 PM, before 8:00 AM)
- Provide as much information as possible in order to make the process go as smoothly and efficiently as possible
- Applications must be submitted by December 31, 2021



2. Paycheck Protection Program

The Paycheck Protection Program (PPP) is designed to provide a direct incentive for small businesses to keep their workers on payroll by providing small businesses loans for payroll and certain other expenses. The SBA will forgive the loan if certain conditions are met. These conditions include keeping payroll for an eight to twenty-four week period after disbursement and rehiring laid-off employees as well as using 60% of the loan for payroll costs.

Certain small businesses who have already used their First Draw PPP loan are eligible to apply for Second Draw PPP loans. As of May 5, 2021, PPP funds have been generally depleted, though funding may still be possible through Community Development Financial Institutions (CDFIs).

First Draw PPP Loans

Highlights

- Up to \$10 million in assistance
- Loans provided by current SBA lenders
- May be used for payroll, rent, mortgage interest, utilities, worker protection costs related to COVID-19, uninsured property damage costs caused by looting or vandalism during 2020, and certain supplier costs and expenses for operations
- Up to 100 percent of the loan is forgivable

How to Apply

- Loans are provided directly through approved lenders, including local banks. If you are unable to apply for a loan from your regular banking institution, please reach out to other banks on the SBA Lender List. [Click here for a list of approved lenders.](#)
- Applications should be submitted directly to approved lenders. Please have your payroll records on hand. They are critical to the lending process.
- Download a sample application form [here](#).

Who Can Apply

- Eligible small entities, that together with their affiliates (if applicable) have 500 or fewer employees—including nonprofits, veterans organizations, tribal concerns, self-employed individuals, sole proprietorships, and independent contractors.
- Entities with more than 500 employees in certain industries that meet SBA's alternative size standard or SBA's size standards for those particular industries.
- 501(c) organizations, except for 501(c)(4)s, with 300 or fewer employees that meet certain lobbying restrictions; FCC broadcast station license holders; newspapers and internet-only news and periodical publishers with more than one physical location and less than 500 employees; and publicly-traded internet-only news and periodical publishers that support locally focused or emergency content.
- Small business owners with prior non-fraud felony convictions, those in federal student loan debt delinquency and default, and non-citizen small business owners who are lawful U.S. residents and have Individual Taxpayer Identification Numbers may now all apply for PPP funds.
- Please note, businesses and entities must have been in operation on February 15, 2020.

Terms (for any amount not forgiven)

- Loans issued prior to June 5 have a maturity of 2 years. Loans issued after June 5 have a maturity of 5 years
- A maximum interest rate of 1%
- Zero prepayment fee (SBA will establish application fees caps for lenders that charge)

Second Draw PPP Loans

Highlights

- Up to \$2 million in assistance
- Loans provided by current SBA lenders
- May be used for payroll, rent, mortgage interest, utilities, worker protection costs related to COVID-19, uninsured property damage costs caused by looting or vandalism during 2020, and certain supplier costs and expenses for operations
- Up to 100 percent of the loan is forgivable

How to Apply

- Loans are provided directly through approved lenders, including local banks. If you are unable to apply for a loan from your regular banking institution, please reach out to other banks on the SBA Lender List. [Click here for a list of approved lenders.](#)
- Applications should be submitted directly to approved lenders. Please have your payroll records on hand. They are critical to the lending process.
- Download a sample application form [here](#).

Who Can Apply

Borrowers who have:

- Previously received a First Draw PPP Loan and will use or has used the full amount only for authorized uses;
- Has no more than 300 employees; and
- Can demonstrate at least a 25% reduction in gross receipts between comparable quarters in 2019 and 2020

Additional Details

- Most borrowers are eligible for a maximum loan amount of 2.5x average monthly 2019 or 2020 payrolls costs up to \$2 million
- Borrowers in the Accommodation and Food Services sector (NAICS 72) are eligible for a maximum loan amount of 3.5x average monthly 2019 or 2020 payroll costs up to \$2 million.



3. Assistance for the Self-Employed

The Coronavirus Aid, Relief, and Economic Security (CARES) Act authorized the Small Business Administration to temporarily guarantee loans through the Paycheck Protection Program, including for the self-employed. Self-employed workers are also eligible for EIDLs.

PPP Eligibility

You are eligible for a PPP loan if you were in operation on February 15, 2020; you are an individual with self-employment income (such as an independent contractor or a sole proprietor); your principal place of residence is in the United States; and you filed or will file a Form 1040 Schedule C for 2019 or 2020.

Calculating the maximum amount to borrow and documentation required

How you calculate your maximum loan amount depends upon whether or not you employ other individuals.

If you have no employees, the following methodology should be used to calculate your maximum loan amount:

1. From your 2019 or 2020 IRS Form 1040, Schedule C, you may elect to use either your line 31 net profit amount or your line 7 gross income amount. (If you are using 2020 to calculate payroll costs and have not yet filed a 2020 return, fill it out and compute the value.) If this amount is over \$100,000, reduce it to \$100,000. If both your net profit and gross income are zero or less, you are not eligible for a PPP loan.
2. Calculate the average monthly net profit or gross income amount (divide the amount from Step 1 by 12).
3. Multiply the average monthly net profit or gross income amount from Step 2 by 2.5. This amount cannot exceed \$20,833.
4. Add the outstanding amount of any Economic Injury Disaster Loan (EIDL) made between January 31, 2020 and April 3, 2020 that you seek to refinance. Do not include the amount of any advance under an EIDL COVID19 loan (because it does not have to be repaid).

You must provide the 2019 or 2020 (whichever you used to calculate your loan amount) Form 1040 Schedule C with your PPP loan application to substantiate the applied-for PPP loan amount and a 2019 or 2020 (whichever you used to calculate your loan amount) IRS Form 1099-MISC detailing nonemployee compensation received (box 7), invoice, bank statement, or book of record that establishes you are self-employed. If using 2020 to calculate your loan amount, this is required regardless of whether you have filed a 2020 tax return with the IRS. You must provide a 2020 invoice, bank statement, or book of record to establish you were in operation on or around February 15, 2020.

If you have employees, the following methodology should be used to calculate your maximum loan amount:

1. Compute 2019 or 2020 payroll (using the same year for all items) by adding the following:
 - a. At your election, either (1) the net profit amount from line 31 of your 2019 or 2020 IRS Form 1040, Schedule C, or (2) your 2019 or 2020 gross income minus employee payroll costs, calculated as your gross income reported on IRS Form 1040, Schedule C, line 7, minus your employee payroll costs reported on lines 14, 19, and 26 of IRS Form 1040, Schedule C (for either option, if you are using 2020 amounts and have not yet filed a 2020 return, fill it out and compute the value), up to \$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 (if this amount is over \$100,000, reduce it to \$100,000, or if this amount is less than zero, set this amount at zero);

- b. 2019 or 2020 gross wages and tips paid to your employees whose principal place of residence is in the United States, computed using 2019 or 2020 IRS Form 941 Taxable Medicare wages & tips (line 5c, Column 1) from each quarter plus any pre-tax employee contributions for health insurance or other fringe benefits excluded from Taxable Medicare wages & tips; subtract any amounts paid to any individual employee in excess of \$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, and any amounts paid to any employee whose principal place of residence is outside the United States; and
 - c. 2019 or 2020 employer contributions to employee group health, life, disability, vision and dental insurance (portion of IRS Form 1040, Schedule C line 14 attributable to those contributions); retirement contributions (IRS Form 1040, Schedule C, line 19); and state and local taxes assessed on employee compensation (primarily under state laws commonly referred to as the State Unemployment Tax Act or SUTA from state quarterly wage reporting forms).
2. Calculate the average monthly amount (divide the amount from Step 1 by 12).
 3. Multiply the average monthly amount from Step 2 by 2.5.
 4. Add the outstanding amount of any EIDL made between January 31, 2020 and April 3, 2020 that you seek to refinance. Do not include the amount of any advance under an EIDL COVID-19 loan (because it does not have to be repaid).

You must supply your 2019 or 2020 (whichever you used to calculate your loan amount) Form 1040 Schedule C; Form 941 (or other tax forms or equivalent payroll processor records containing similar information); and state quarterly wage unemployment insurance tax reporting forms from each quarter in 2019 or 2020 (whichever you used to calculate your loan amount) or equivalent payroll processor records, along with evidence of any retirement and health insurance contributions, if applicable. A payroll statement or similar documentation from the pay period that covered February 15, 2020 must be provided to establish you were in operation on February 15, 2020.

How can PPP loans be used by individuals with income from self-employment who file a 2019 Form 1040, Schedule C?

A PPP loan can be used for:

- For borrowers that use net profit to calculate loan amount, owner compensation replacement, calculated based on 2019 or 2020 (using the same year that was used to calculate the loan amount) net profit. For borrowers that use gross income to calculate loan amount, proprietor expenses (business expenses plus owner compensation), calculated based on 2019 or 2020 (using the same year that was used to calculate the loan amount) gross income (this amount cannot exceed \$20,833). For borrowers who used gross income to calculate the loan amount and have no employees, proprietor expenses equal gross income. For borrowers who used gross income to calculate the loan amount and have employees, proprietor expenses equal the difference between gross income and employee payroll costs.
- Employee payroll costs for employees whose principal place of residence is in the United States, if you have employees.
- Mortgage interest payments (but not mortgage prepayments or principal payments) on any business mortgage obligation on real or personal property (e.g., the interest on your mortgage for the warehouse you purchased to store business equipment or the interest on an auto loan for a vehicle you use to perform your business), business rent payments (e.g., the warehouse where you store business equipment or the vehicle you use to perform your business), and business utility payments (e.g., the cost of electricity in the warehouse you rent or gas you use driving your business vehicle). You must have claimed or be entitled to claim a deduction for such expenses on your 2019 or 2020 (whichever you used to calculate loan amount) IRS Form 1040, Schedule C for them to be a permissible use. For example, if you did not claim or are not entitled to claim utilities expenses on your 2019 or 2020 IRS Form 1040, Schedule C, you cannot use the proceeds for utilities.

- Interest payments on any other debt obligations that were incurred before February 15, 2020 (such amounts are not eligible for PPP loan forgiveness).
- Refinancing an SBA EIDL loan made between January 31, 2020 and April 3, 2020 (maturity will be reset to PPP's maturity of two years for PPP loans made before June 5, 2020 unless the borrower and lender mutually agree to extend the maturity of such loans to five years, or PPP's maturity of five years for PPP loans made on or after June 5).
- Covered operations expenditures.
- Covered property damage costs.
- Covered supplier costs.
- Covered worker protection expenditures.

Second Draw PPP Loans

The maximum amount of a Second Draw PPP Loan to a borrower that has income from self-employment and files an IRS Form 1040, Schedule C, is calculated as follows, depending on whether the borrower has employees.

For a borrower that has income from self-employment and does not have any employees, the maximum loan amount is the lesser of:

1. The product obtained by multiplying:
 - a. the net profit or gross income of the borrower in 2019 or 2020, as reported on IRS Form 1040, Schedule C, that is not more than \$100,000, divided by 12; and
 - b. 2.5 (or, only for a borrower assigned a NAICS code beginning with 72 as defined in subsection (f)(10) at the time of disbursement, 3.5). This amount cannot exceed \$29,167 for NAICS code 72 borrowers and \$20,833 for all other borrowers; or
2. \$2,000,000.

For a borrower that has income from self-employment and has employees, the maximum loan amount is the lesser of:

1. The product obtained by multiplying:
 - a. The sum of (i) one of the two following options, up to \$100,000; if this amount is less than zero, set this amount at zero (if you are using 2020 and have not yet filed a 2020 return, fill it out and compute the value):
 - i. The borrower's net profit reported on IRS Form 1040, Schedule C for 2019 or 2020, divided by 12; or
 - ii. Line 7 from the borrower's 2019 or 2020 IRS Form 1040, Schedule C, minus lines 14, 19, and 26, divided by 12; and
 - b. The average total monthly payment for employee payroll costs incurred or paid by the borrower during the same year elected by the borrower; by
 - c. 2.5 (or, only for a borrower assigned a NAICS code beginning with 72 at the time of disbursement as defined in subsection (f)(10), 3.5); or
2. \$2,000,000.



4. Assistance for Non-Profit Organizations

Non-profit organizations with under 500 employees are also eligible to receive financial assistance through Economic Injury Disaster Loans and First Draw and Second Draw Paycheck Protection Program loans, outlined on pages 5-8. Congress has also provided assistance through tax incentives for charitable giving and employee retention and expanding PPP eligibility to include qualified 501(c)(3) and 501(c)(6) organizations that employ 300 or fewer employees per physical location.

Incentivized Giving

Congress has incentivized giving to non-profits by:

- Extending the 2020 above-the-line deduction (universal or non-itemized deduction that applies to all taxpayers) for total charitable contributions of up to \$300 for 2021 and permitting a \$600 deduction for couples filing jointly in 2021
- Extending for one year the increased limits on deductible charitable contributions for individuals who itemize and for corporations

Staff Retention

Congress has worked to ensure staff retention by extending a refundable payroll tax credit through July 1, 2021 of up to \$10,000 for each employee on the payroll when certain conditions are met:

- The entity had to be an ongoing concern at the beginning of 2020, experienced a whole or partial shutdown, and has seen a drop in gross receipts of at least 20 percent from year-to-year.
- Employers receiving Paycheck Protection Program loans are now eligible for this tax credit with respect to wages that are not paid for with forgiven PPP proceeds

Click [here](#) for additional non-profit resources.



5. Loan Forgiveness

How to Obtain Loan Forgiveness

Legislation passed at the end of 2020 simplifies loan forgiveness for the majority of PPP loans. Now, PPP loans under \$150,000 can submit a one-page certification (Form 3508S) describing the number of employees the borrower was able to retain because of the covered loan, the estimated total amount of the loan spent on payroll costs, and the total loan amount. You can download Form 3508S [here](#). Borrowers are asked to retain relevant records related to employment for four years if necessary reviews and audits against fraud take place. This applies retroactively to PPP loans granted last year.

More information on forgiveness can be found [here](#).

For those with loans over \$150,000, please follow the process below:

1. Complete and submit the Loan Forgiveness Application (SBA Form 3508, SBA Form 3508-EZ, or the lender equivalent) to your lender (or the lender servicing your loan) The application details all documentation requirements.
 - a. Sole proprietors, independent contractors, and self-employed individuals 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 automatically qualify to use the Loan Forgiveness Application Form 3508EZ or lender equivalent and should complete that application.
2. The lender will review the application and make a decision regarding loan forgiveness. The lender has 60 days from receipt of a complete application to issue a decision to SBA.
3. If the lender determines that the borrower is entitled to forgiveness of some or all of the amount applied for, the lender will request payment from SBA at the same time the lender issues its decision to SBA.
4. The SBA will remit the appropriate forgiveness amount to the lender, plus any interest accrued through the date of payment, not later than 90 days after the lender's decision is issued to the SBA.
5. The lender is responsible for notifying the borrower of the forgiveness amount.

If the SBA determines in the course of its review that the borrower was ineligible for the PPP loan based on the provisions of the CARES Act, SBA rules or guidance available at the time of the borrower's loan application, or the terms of the borrower's PPP loan application, the loan will not be eligible for forgiveness. Any remaining balance due on the loan must be repaid by the borrower on or before the two-year maturity of the loan.

Eligible Costs for Loan Forgiveness

For both First Draw and Second Draw PPP loans, payroll costs paid or incurred during the eight to 24 consecutive week covered period are eligible for forgiveness. Borrowers may seek forgiveness for payroll costs for the eight to 24 weeks beginning on either:

- the date of disbursement of the borrower's PPP loan proceeds from the lender; or
- the first day of the first payroll cycle in the covered period.

Payroll costs broadly include compensation in the form of salary, wages, commissions, cash tips, or similar compensation. It also includes payment for vacation, parental, family, medical, or sick leave and employer-provided group insurance benefits such as group life, disability, vision, or dental insurance. If a borrower pays furloughed employees their salary, wages, or commissions during the covered period, these payments are eligible for forgiveness as long as they do not exceed an annual salary of \$100,000, as prorated for the covered period.

A nonpayroll cost is eligible for forgiveness if it was:

- paid during the covered period; or
- incurred during the covered period and paid on or before the next regular billing date, even if the billing date is after the covered period.

Nonpayroll costs include interest payments on any business mortgage obligation on real or personal property incurred before February 15, 2020; payments on business rent obligations on real or personal property under a lease agreement in force before February 15, 2020; and business utility payments for the distribution of electricity, gas, water, transportation, telephone, or internet access for which service began before February 16, 2020. It also includes worker protection costs related to COVID-19, uninsured property damage costs caused by looting or vandalism during 2020, and certain supplier costs and expenses for operations. Eligible nonpayroll costs cannot exceed 40 percent of the loan forgiveness amount. Advance payments of interest on mortgage obligations and principal on mortgage obligations are not eligible for loan forgiveness.

Reductions to Loan Forgiveness Amount

The CARES Act requires reductions in a borrower's loan forgiveness amount based on reductions in full-time equivalent employees or in employee salary and wages during the covered period. There are exemptions for:

- borrowers who have rehired employees and restored salary and wage levels by December 31, 2020 (or, for a PPP loan made on or after December 27, 2020, by the last day of the loan's covered period) (with limitations);
- borrowers who have offered to rehire employees or restore employee hours whose employees have not accepted;
- borrowers who are able to document an inability to rehire individuals who were employees on February 15, 2020, or similarly qualified employees for unfilled positions on or before December 31, 2020 (or, for a PPP loan made on or after December 27, 2020, by the last day of the loan's covered period); and
- borrowers who are able to document an inability to return to the same level of business activity that they were operating at before February 15, 2020, due to compliance with requirements from the Secretary of Health and Human Services, the Director of the Centers for Disease Control and Prevention, or the Occupational Safety and Health Administration during the period of March 1, 2020, and ending December 31, 2020, related to the maintenance of standards for sanitation, social distancing, or any other worker or customer safety requirement related to COVID-19.

Reduction to Employee Count

A reduction in full-time equivalent (FTE) employees, employees who work, on average, 40 hours or more each week, reduces the loan forgiveness amount by the same percentage as the percentage reduction in FTE employees. For example, if a borrower had 10 FTE employees during the reference period and this declined to 8 FTE employees during the covered period, the percentage of FTE employees declined by 20 percent. Loan forgiveness also would be reduced by 20 percent, making 80 percent of eligible expenses available for forgiveness.

For employees who work, on average, less than 40 hours each week, borrowers can either count each part-time employee as 0.5 of an FTE employee or divide the hours per week worked by the employee by 40. For example, if an employee was paid for 30 hours per week on average during the covered period, the borrower would divide 30/40 and consider the part-time employee as 0.75 of an FTE employee.

Borrowers must select one of these two methods and apply the method consistently to calculate the reduction amount.

Reduction to Salaries and Wages

According to the CARES Act, a reduction in an employee's salary or wages of more than 25 percent will result in a reduction in the loan forgiveness amount, unless an exception applies.

For each employee, the borrower must reduce the total forgiveness amount by the total dollar amount of the salary or wage reductions that are in excess of 25 percent of base salary or wages between January 1, 2020 and March 31, 2020. For example, if a borrower reduces a FTE employee's weekly salary from \$1,000 per week during the reference period to \$700 per week during the covered period, the first \$250 of that \$300 reduction is covered. The remaining \$50 would be multiplied by the number of weeks (eight) and \$400 would be considered the salary/hourly wage reduction for that employee.

Reduction to Salaries and Wages and Employee Count

The Small Business Administration has determined that the salary/wage reduction applies only to the portion of the decline in employee salary and wages that is not attributable to the FTE reduction. This is to ensure that borrowers are not doubly penalized for reductions. For example, an hourly wage employee who works 40 hours per week whose hours are reduced to 20 hours per week would be considered a reduction in employee count. Because there was no change to the employee's hourly wage, the borrower is not required to conduct a salary/wage reduction calculation for that employee.



6. Shuttered Venue Operator Grants

Highlights

- Up to \$10 million in assistance.
- Grants equal to 45% of gross earned revenue provided through the SBA.
- May be used for payroll costs, rent payments, utility payments, scheduled mortgage and debt payments (not including prepayment of principal), worker protection expenditures, payments to independent contractors, other ordinary and necessary business expenses, administrative costs, state and local taxes and fees, operating leases, insurance payments, and advertising, production transportation, and capital expenditures related to producing a theatrical or live performing arts production.
- Grant awards will be released in tiers, according to the revenue loss of the entities and starting with those that are suffering the most (a 90% or greater revenue loss between April and December 2020).

How to Apply

- Loans are provided directly through the SBA. You can apply at this [link](#).
- Venue owners can register for a System for Award Management (SAM) account, the primary database of vendors doing businesses with the federal government. You can learn how to register [here](#).
- Specific documents will be needed to support grant requirements and eligibility. An application checklist can be found [here](#).
- Please refer to and review the FAQ, linked [here](#), as you complete the application. A user guide to assist with the application portal can be found [here](#).

Who Can Apply

- Eligible entities include: live venue operators or promoters; theatrical producers; live performing arts organization operators; relevant museum operators, zoos and aquariums who meet specific criteria; motion picture theater operators; talent representatives; and each business entity owned by an eligible entity that also meets the eligibility.
- Entities must have been in operation as of February 29, 2020.
- A venue or promoter who received a PPP loan on or after December 27, 2020 may receive this grant but it will be reduced by the PPP loan amount.
- Additional eligibility requirements can be found [here](#).

Award Timelines

Once applications open, grants will be awarded in this order:

- First 14 days of grant awards ("First Priority"): Entities that suffered a 90% or greater revenue loss between April 2020 through December 2020 due to the COVID-19 pandemic.
- Next 14 days of grant awards ("Second Priority"): Entities that suffered a 70% or greater revenue loss between April 2020 through December 2020 due to the COVID-19 pandemic.
- Beginning 28 days after First & Second Priority Awards are made ("Third Priority"): Entities that suffered a 25% or greater revenue loss between April 2020 through December 2020 due to the COVID-19 pandemic.
- Beginning 61 days after initial grant awards ("Non-Priority"): Eligible entities of any size that suffered a 25% or greater revenue loss.
- Supplemental funding will be awarded to recipients of First and Second Priority grants who suffered a 70% or greater revenue loss for the most recent calendar quarter (as of April 1, 2021 or later).



7. Restaurant Revitalization Fund

The American Rescue Plan Act established the Restaurant Revitalization Fund (RRF) to provide funding to help restaurants and other eligible businesses keep their doors open. Applications opened on May 3, 2021.

Highlights

- Up to \$10 million in assistance per entity, with a limitation of \$5 million per physical location.
- Grants are calculated by subtracting 2020 revenue from 2019 revenue.
- Recipients are not required to repay the grant as long as funds are used for eligible uses no later than March 11, 2023.
- May be used for a wide variety of expenses, including payroll, mortgage, rent, utilities, supplies, food and beverage expenses, paid sick leave, and operational expenses.
- \$5 billion set aside for businesses with less than \$500,000 in 2019 annual revenue and the first 21 days of the program, applications from restaurants owned, operated, and controlled by women, veterans, or socially and economically disadvantaged individuals will receive priority.

How to Apply

- You can apply through SBA-recognized Point of Sale vendors, including Square, Toast, Clover, NCR Corporation (Aloha), and Oracle, or directly through the SBA through the online application portal [here](#). Those working with Square or Toast do not need to register beforehand through the online application portal linked above.
- Registration with SAM.gov is not required. DUNS or CAGE identifiers are also not required.
- A sample application form can be found [here](#).
- Additional documentation includes IRS Form 4506-T and documentation of gross receipts, such as IRS Forms 1120 or 1120-S, IRS Forms 1040 Schedule C or F, partnership IRS Form 1065 (if applicable), bank statements, externally or internally prepared financial statements such as income statements or profit and loss statements, and point of sale reports.
- Additional information on how to apply can be found in this [Restaurant Revitalization Fund Program Guide](#).

Who Can Apply

Restaurants; food stands, food trucks, food carts; caterers; bars, saloons, lounges, taverns; snack and nonalcoholic beverage bars; bakeries (onsite sales to the public comprise at least 33% of gross receipts); brewpubs, tasting rooms, taprooms (onsite sales to the public comprise at least 33% of gross receipts); breweries and/or microbreweries (onsite sales to the public comprise at least 33% of gross receipts); wineries and distilleries (onsite sales to the public comprise at least 33% of gross receipts); inns (onsite sales of food and beverage to the public comprise at least 33% of gross receipts); and licensed facilities or premises of a beverage alcohol producer where the public may taste, sample, or purchase products.

Award Timelines

- Days 1 through 21: The SBA will accept application from all eligible applications, but only process and fund priority group applications, including small businesses owned by women, veterans, or socially and economically disadvantaged individuals.
- Days 22 through funds exhaustion: The SBA will accept applications from all eligible applicants and process applications in the order in which they are approved by the SBA.



8. Frequently Asked Questions

Not sure if you are a small business?

Learn more at <https://www.sba.gov/size-standards/>

What are Economic Injury Disaster Loans (EIDLs)?

EIDLs provide small businesses and non-profit organizations help to meet financial obligations and operating expenses that could have been met had the disaster not occurred.

Who is eligible to apply for EIDLs?

Businesses with 500 or fewer employees or defined as small per [sba.gov/size-standards](https://www.sba.gov/size-standards/), cooperatives with 500 or fewer employees, agricultural enterprises with 500 or fewer employees, most private nonprofits, faith-based organizations, and sole proprietorships and independent contractors are eligible. 501(c)(6) organizations are eligible for assistance as long as their primary function is not lobbying or they are a consumer and marketing cooperative.

Ineligible businesses include those engaged in illegal activities, loan packaging, speculation, multi-sales distribution, gambling, investment or lending.

How can I check the status of my application?

Applicants will receive an invite to log-in to the customer portal to review the application, select an eligible loan amount, and submit for final review. If the loan is not approved, the applicant will receive an email notification with a detailed reason for the loan decline, including instructions on how to appeal the decision. Please call the SBA Customer Service Center at 1-800-659-2955 (1-800-877-8339 for the deaf and hard of hearing) or email DisasterCustomerService@sba.gov to check the status of your application.

What if I need immediate relief?

Small businesses who have an existing business relationship with an SBA Express Lender can apply for an Express Bridge Loan to access up to \$25,000 quickly. The loan will be repaid in full or in part by proceeds from the EIDL loan. [Learn more here.](#)

How do I get forgiveness on my EIDL loan?

Loan forgiveness is not offered for EIDL loans.

Is there help for debt relief?

Yes. The SBA will resume paying the principal and interest (P&I) of 7(a), 504, and microloans approved by the SBA prior to the CARES Act for three months starting in February 2021. These payments will be capped at \$9,000 per borrower per month. After this three-month period, the smallest or hardest-hit borrowers will receive an additional five months of payments. The SBA will also pay P&I on the first six months of newly approved loans between February 1 and September 30, 2021. The SBA is also offering deferment for Disaster Home and Business Loans through March 31, 2021. You can find more information [here](#).

What if I have pre-existing SBA loans, including EIDLs from Hurricane Harvey?

You are still eligible to apply. The SBA can also assist with your pre-existing SBA loans. Please look at the answer above for more information on debt relief and loan deferment.

What is the process to receive an SBA COVID-19 EIDL loan?

1. Apply at DisasterLoanAssistance.sba.gov
2. Once you receive an estimate of your qualified loan amount, you must log-in to your SBA Loan Portal and choose how much you want your loan amount to be, up to the maximum quoted. Please make sure to click the submit button.
3. A Loan Officer will receive the application for completeness and may contact you if more information is needed.
4. You will receive a decision as to whether your application is approved or declined.
5. If it is approved, you will receive an email with loan documents to sign and proceeds will be transferred to your bank account in 5-10 business days. Be sure to download a copy of the loan documents for your records.

How do I get more money than I was approved for?

COVID-19 EIDLs can be modified by increasing the amount up to 6 months of working capital or a maximum of \$150,000, whichever is less. An increase can be requested either before or after accepting the loan. If you were approved for a loan and would like to request additional funds, send an email that states your need for an increase to the loan amount to pdcrecons@sba.gov with the word "INCREASE" in the subject line. Include any additional information that may assist the SBA in considering an increase for your application.

Can I request a reconsideration if my COVID-19 EIDL application was declined?

You have up to 6 months to request reconsideration, even after the application deadline of December 31, 2021, by emailing pdcrecons@sba.gov or mailing the SBA at the below address. More information can be found at the additional EIDL FAQ link at the end of this section.

U.S. Small Business Administration
Disaster Assistance Processing and Disbursement Center
14925 Kingsport Road
Fort Worth, Texas 76155

If I've already received a COVID-19 EIDL and I've been affected by another disaster, can I ask for more funds?

If you are in an area that has a Disaster Declaration, which includes disasters such as flooding, storm damage, wildfires or earthquakes, you may be eligible for additional SBA Disaster Loans. A COVID-19 EIDL loan cannot be consolidated with other Disaster Loans.

Who is eligible for First Draw PPP Loans?

- Applications for the PPP are open through March 31, 2021
- Businesses and entities in operation on February 15, 2020
- Small business concerns, as well as any business concern, a 501(c)(3) non-profit organization, a 501(c)(19) veterans organization, or Tribal business concern described in section 31(b)(2)(C) that has fewer than 500 employees, or the applicable size standard in number of employees for the North American Industry Classification System (NAICS) industry as provided by SBA, if higher
 - For more information on faith-based organizations, which are eligible for both EIDL and PPP loans, [click here](#)
- Individuals who operate a sole proprietorship, as an independent contractor, and eligible self-employed individuals
- A housing cooperative, an eligible section 501(c)(6) organization, or an eligible destination marketing organization, that employs no more than 300 employees

- A news organization that is majority owned or controlled by a NAICS code 511110 or 5151 business or a nonprofit public broadcasting entity with a trade or business under NAICS 511110 or 5151, that employs no more than 500 employees (or, if applicable, the size standard in number of employees established by the SBA for your industry) per location

If I get an EIDL and/or an Emergency Economic Injury Grant, can I get a PPP loan?

Yes, borrowers can apply for both the PPP and EIDL but funds from both cannot be used for the same purpose. For example, if you use your EIDL to cover payroll for certain workers in April, you cannot use PPP for payroll for those same workers in April, although you could use it for payroll in March or for different workers in April. If you ultimately receive a PPP loan or refinance an EIDL into a PPP loan, any advance amount received under the Emergency Economic Injury Grant Program will **no longer** be subtracted from PPP loan forgiveness.

If I am a self-employed person in a partnership, how do I submit a PPP loan?

Partners should apply to the PPP jointly. The self-employment income of general active partners may be reported as a payroll cost, up to \$100,000 annualized, on a PPP loan application filed by or on behalf of the partnership.

Can I apply as a self-employed person if I have already received an SBA EIDL loan?

Yes. If your EIDL loan was not used for payroll costs, it does not affect your eligibility for a PPP loan. If your EIDL loan was used for payroll costs, your PPP loan must be used to refinance your EIDL loan.

How do I provide accurate information on my PPP loan documents if my compensation has increased from 2019 to 2020?

For individuals with income from self-employment from 2019 for which they have filed or will file a 2019 Form 1040 Schedule C, expenses incurred between January 1, 2020 and February 14, 2020 may not be considered because of the lack of verifiable documentation on expenses in this period.

How do I determine the reference period to compare my employee headcount, wages, and salaries with?

You can select one of the following reference periods: (i) February 15, 2019 through June 30, 2019; (ii) January 1, 2020 through February 29, 2020; or (iii) in the case of a seasonal employer, either of the two preceding methods or a consecutive 12-week period between May 1, 2019 and September 15, 2019.

Are hazard pay, bonuses, and additional wages for tipped employees eligible for forgiveness?

Yes, as long as an employee's total compensation does not exceed \$100,000 on an annualized basis.

What if the normal payroll cycle does not align with the eight-week covered period?

A borrower with a bi-weekly (or more frequent) payroll cycle may use an "alternative payroll covered period" that begins on the first day of the first payroll cycle in the covered period and continues for the following eight weeks. If payroll costs are incurred during this eight-week alternative payroll covered period, but paid after the end of the alternative payroll covered period, such payroll costs are eligible for forgiveness if they are paid no later than the first regular payroll date thereafter.

Will loan forgiveness be reduced if an employee is fired for cause, voluntarily resigns, or voluntarily requests a schedule reaction?

No, when an employee of the borrower is fired for cause, voluntarily resigns, or voluntarily requests a reduced schedule during the covered period, these employees are exempt from the calculation of the FTE reduction penalty.

If a borrower restores reductions made to employee salaries and wages or FTE employees before December 31, 2020 (or for a PPP loan made on or after December 27, 2020, by the last day of the loan's covered period), can the borrower avoid a reduction in its loan forgiveness amount?

Yes, the borrower is exempt from any reduction in loan forgiveness.

How can self-employed individuals receive loan forgiveness for their own payroll compensation?

Loan forgiveness for owner-employees and self-employed individuals' payroll compensation can be no more than 8/52 of 2019 compensation (approximately 15.38 percent, representing eight weeks of covered payroll). No additional forgiveness is provided for retirement or health insurance contributions for self-employed individuals, including Schedule C filers and general partners.

If a seasonal business was dormant or not fully operating as of February 15, 2020, is it still eligible?

Yes, a seasonal business will be considered to have been in operation as of February 15, 2020, if the business was in operation for any 12-week period between February 15, 2019 and February 15, 2020.

More Information

- FAQs on the COVID-19 Economic Injury Disaster Loan can be found [here](#) (last updated April 27, 2021).
- More FAQs on the PPP and loan forgiveness can be found [here](#) (last updated April 6, 2021).
- FAQs on the Shuttered Venue Operators Grant can be found [here](#) (last updated April 23, 2021).
- For the full TX-07 COVID-19 Community Resource Guide, visit: fletcher.house.gov/covid19.



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