

Updates and Compliance for the PPP 2.0, EIDLs and Other Relief Loans

3/16/2021

Presented By:



Funded in part through a Cooperative Agreement with the U.S. Small Business Administration

Local Contact Information:

Maryland SBDC

www.marylandsbdc.org

<https://mdsbdc.ecenterdirect.com>



Salisbury (SBDC)

East Campus Complex

215 Power & Wayne Street

Salisbury, MD 21801

Email: FAHEDRICK@salisbury.edu

410-548-4419

Salisbury Area Chamber of Commerce

Email: chamber@salisburyarea.com

Phone: 410-749-0144

Revenue Administration Division

Sarah C. Dufresne, Assistant Director

Email: sdufresne@marylandtaxes.gov

Phone: 410-260-6181

Website: <https://www.marylandtaxes.gov/index.php>

Greater Ocean City Chamber of Commerce

12320 Ocean Gateway, Ocean City, MD 21842

Lachelle Scarlato, Executive Director

Email: Lachelle@oceancity.org

Office: 410-213-0144 ext.102

Mobile: 443-513-6706

oceancity.org



Economic Development:

Salisbury-Wicomico Economic Development (SWED)

David Ryan, Executive Director

Email: dryan@swed.org

Phone: 410-749-1251

Worcester County Department of Economic Development

100 Pearl Street, Suite B Snow Hill, MD 21863

Melanie Pursel, Director of Tourism & Economic Development

<https://chooseworcester.org/>

Email: mpursel@co.worcester.md.us

Phone: 410-632-3112



Maryland RELIEF Act details from Comptroller's office

- **Office of the Comptroller of Maryland**
 - **Revenue Administration Division**
 - **Sarah C. Dufresne**, Assistant Director
 - <https://www.marylandtaxes.gov/index.php>
 - <https://www.marylandtaxes.gov/RELIEFAct/index.php>
- For more Information: Web: www.Marylandtaxes.gov
 - Email: TaxpayerRelief@Marylandtaxes.gov
 - Call: 1-833-345-0787



COMPTROLLER
of MARYLAND
Serving the People

An Important Reminder

The most important reminder we can give is that relief funding and emergency resources should be considered **supplemental** - this is a difficult time for all of us, and we must each use **ALL** resources at our disposal to weather the storm.

Some options that do not require an application include:

- Continue to speak with your creditors and discuss challenges that your business is having
- Talk to your advisors or tax advisors to develop strategies moving forward

Disclaimer:

- Please note the information presented is based on our current understanding of the new law. Treasury and the SBA will no doubt clarify certain provisions with guidance as they did multiple times with the first round of PPP and other stimulus programs. Therefore, the information presented herein can and likely will continue to be updated and change.
- We will be monitoring as new information becomes available, please do not rely solely on this for your financial decisions. We encourage you to consult with your lawyers, CPAs, and Financial Advisors.

Prior US COVID Relief Bill Updates

EIDL Advance Grant 2.0:

- SBA will no longer deduct EIDL Advances from forgiveness payments remitted to PPP lenders. This change will be applied to SBA forgiveness payments with a status of “Payment Confirmed” dated December 29, 2020 or later. <https://www.sba.gov/sites/default/files/2021-01/5000-20075-508.pdf>
- (More information on later slide)

Tax Provisions:

- EIDL Advance Grants and PPP loan forgiveness are not included in Federal taxable income.
- FFCRA tax credits extended through March 31, 2020
- Employee Retention Tax Credit extended through June 30, 2021- credit claimable retroactively or prospectively (More information on later slide)
- ***New Law ERTC extended through 12/31/2021***

Most recent American Rescue Plan Act Updates

Additional \$7.25 billion for the Paycheck Protection Program

- However, the legislation doesn't actually extend the program, which is **currently** set to expire on March 31.

ERTC extended through 12/31/2021

More money for restaurants, venue operators and minority-owned businesses

- State Small Business Credit Initiative, \$10 billion for states to help leverage private capital and make low-interest loans.
- \$15 billion to the Economic Injury Disaster Loan Grants program to be given to small businesses in underserved areas.
- Another \$15 billion will be added to the Shuttered Venue Operators Grants program, the bill also allows such operators to apply for PPP loans in addition to these grants.
- Special relief for restaurants: nearly \$29 billion to create a grant program that provides direct relief to restaurants - **Restaurant Revitalization Fund**. (next slide)

Most recent American Rescue Plan Act Updates

Restaurant Revitalization Fund

- A \$28.6 billion grant program for restaurants and other food and drinking establishments.
- Eligible businesses include foodservice and drinking establishments like restaurants, bars, caterers, breweries, taprooms, and tasting rooms that are not part of an affiliated restaurant group with more than 20 locations.
- \$5 billion of this amount is set aside for businesses with less than \$500,000 in 2019 annual revenue.
- The covered period is from Feb 15, 2020 through Dec. 31, 2021.
- Restaurant Revitalization Grants will be available for up to \$10 million per entity, with a limitation of \$5 million per physical location. Entities are limited to 20 locations.
- Grants are calculated by subtracting 2020 revenue from 2019 revenue, reduced by PPP1 And PPP2.
- Application through SBA (Being developed).
- During the first 21 days, applications from restaurants owned and operated controlled by women, veterans, or socially and economically disadvantaged individuals (As defined in the Small Business Act) will receive priority.
- Grants 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.
- The grants can be taken alongside the two rounds of PPP, EIDL, and the Employee Retention Tax Credits, though any PPP loans already received will be subtracted from the eligible grant total for any individual business. May not receive this and SVOG.

Debt Relief Programs (SBA Loans)

- All borrowers with qualifying loans approved by the SBA prior to the CARES Act will receive an additional 3 months of P&I starting February 2021. Payments will be capped at \$9,000 per borrower, per month.
- After 3-month period, the smallest/hardest-hit businesses will receive an additional 5 months of P&I payments (also capped at \$9,000) including...
 - Borrowers with SBA microloans or 7(a) advantage loans
 - Borrowers with 7(a) or 504 loans in the hardest-hit sectors due to job loss (food service, accommodation, arts, entertainment, laundry, and personal care)
- For all newly approved loans between February 1, 2021 – September 30, 2021 P&I payments will resume for 6 months (capped at \$9,000)
- A business/applicant can only receive P&I payments for 1 loan approved after CARES Act enactment

Debt Relief Programs (SBA Loans) NEW

- All SBA disaster loans made in calendar year 2020, including COVID-19 EIDL, will have a first payment due date extended from 12-months to 24-months from the date of the note.
- All SBA disaster loans made in calendar year 2021, including COVID-19 EIDL, will have a first payment due date extended from 12-months to 18-months from the date of the note.

Local and State Funding

- Much of the funding announced by the Governor will be delivered via the local government
- We expect Counties will soon (some already have) announce plans for programs for specific business, these include hotel, and restaurant grants.
- Local Assistance: [Get Local Assistance \(sba.gov\)](https://www.sba.gov)
- Please monitor announcements from:
 - Worcester County Economic Development
 - <https://chooseworchester.org/>
 - Salisbury-Wicomico Economic Development (SWED)
 - <https://swed.org/>
 - or your local Economic Development office.

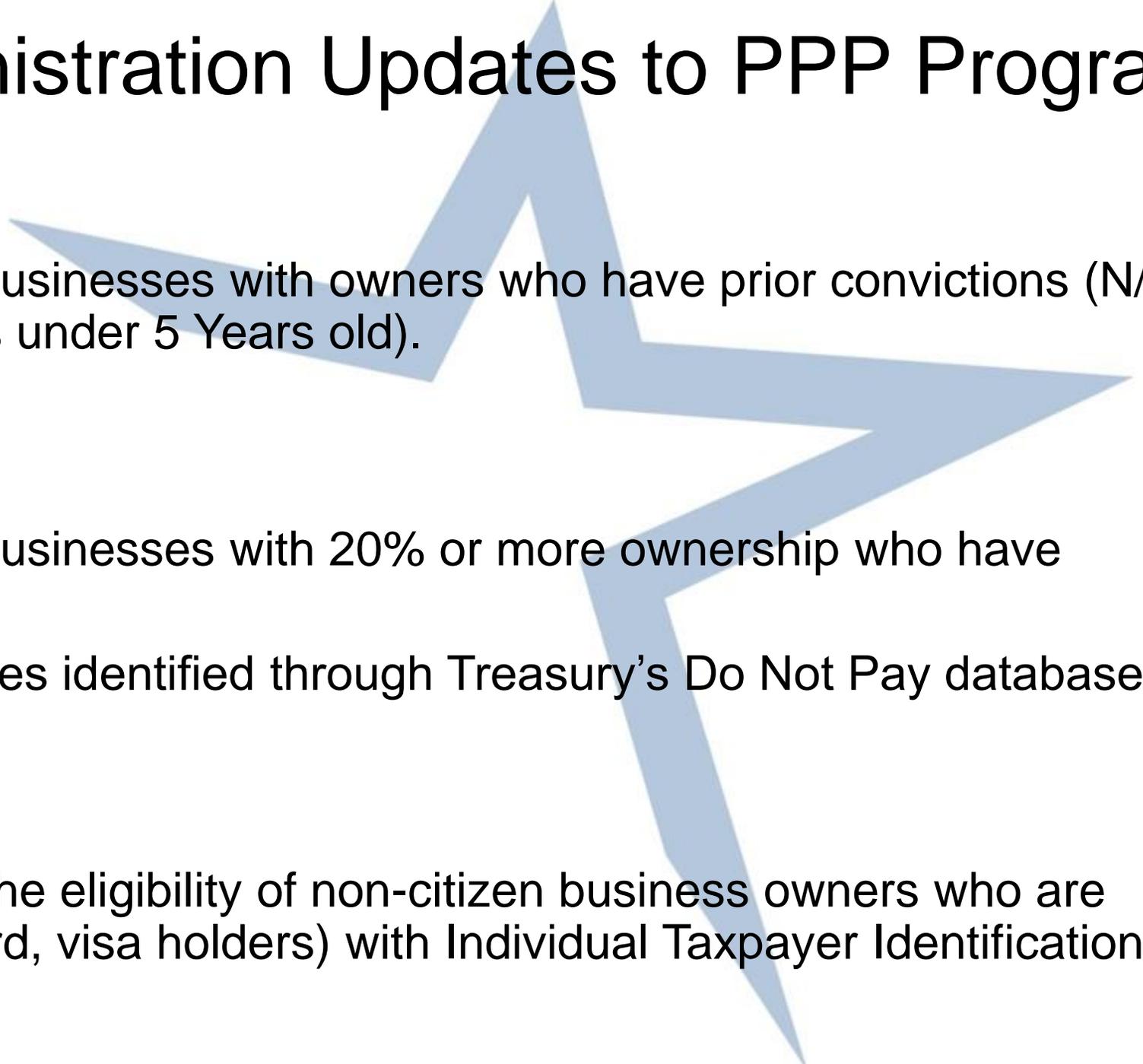
Biden-Harris Administration Updates to PPP Program

Schedule C-Filers

Starting February 24th Schedule C filers will calculate max PPP loan using **1040 Schedule C, line 7 Gross Income** (instead of the previous line 31)

- Still same formula: $\text{Loan} = \text{Gross Income} / 12 \text{ months} \times 2.5$ (or 3.5 for hospitality/restaurant)
- Additionally \$1 billion set aside for low-income schedule C applicants without employees. That are located in LMI areas. Use HUB or talk to your lender about low income requirements.

Biden-Harris Administration Updates to PPP Program



Felony Convictions

- Elimination of restrictions on businesses with owners who have prior convictions (N/A those in prison, or fraud cases under 5 Years old).

Student Loan Debt

- Elimination of restrictions on businesses with 20% or more ownership who have student debt delinquencies
- The SBA will remove hold codes identified through Treasury's Do Not Pay database.

Non-Citizen

- Guidance released clarifying the eligibility of non-citizen business owners who are lawful US residents (green card, visa holders) with Individual Taxpayer Identification Numbers (ITIN's)

First Round PPP

PPP 1st Round

- **Must have received and spent all funding from 1st round PPP to apply for PPP 2.0**
- **Denied PPP Application:** Talk to your lender about reapplying for first-round PPP if you now meet the criteria
- **1st round PPP Returned:** Check the status of your previous application and work with your lender to correct any miscalculations/errors
- First Draw PPP loans under review may be delayed in getting Second Draw PPP loan number

PPP- First Draw Borrower Application Form

<https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program/first-draw-ppp-loans>



**Paycheck Protection Program
Borrower Application Form Revised March 3, 2021**

OMB Control No.: 3245-0407
Expiration Date: 9/30/2021

Check One: <input type="checkbox"/> Sole proprietor <input type="checkbox"/> Partnership <input type="checkbox"/> C-Corp <input type="checkbox"/> S-Corp <input type="checkbox"/> LLC <input type="checkbox"/> Independent contractor <input type="checkbox"/> Self-employed individual <input type="checkbox"/> 501(c)(3) nonprofit <input type="checkbox"/> 501(c)(6) organization <input type="checkbox"/> 501(c)(19) veterans organization <input type="checkbox"/> Housing cooperative <input type="checkbox"/> Tribal business <input type="checkbox"/> Other _____	DBA or Tradename (if applicable)	Year of Establishment (if applicable)
	Business Legal Name	NAICS Code
Business Address (Street, City, State, Zip Code - No P.O. Box addresses allowed)	Business TIN (EIN, SSN, ITIN)	Business Phone
	Primary Contact	Email Address

Average Monthly Payroll:	\$ _____	x 2.5 + EIDL (Do Not Include Any EIDL Advance) equals Loan Request Amount:	\$ _____	Number of Employees:	_____
Purpose of the loan (select all that apply):	<input type="checkbox"/> Payroll Costs	<input type="checkbox"/> Rent / Mortgage Interest	<input type="checkbox"/> Utilities		<input type="checkbox"/> Covered Operations Expenditures
	<input type="checkbox"/> Covered Property Damage	<input type="checkbox"/> Covered Supplier Costs	<input type="checkbox"/> Covered Worker Protection Expenditures		<input type="checkbox"/> Other (explain): _____

- One can still apply for the first draw PPP if you did not apply in 2020.
- Existing PPP borrowers that did not receive loan forgiveness by December 27, 2020 may reapply for a First Draw PPP Loan if...
 - They previously did not accept the full amount for which they are eligible
 - They previously returned some or all of their First Draw PPP Loan funds

Updates to PPP 2.0

PPP 2.0

- Businesses must have been in operation by February 15th, 2020
- \$284 billion in funding (plus ~ \$7BB in new act ~ \$291BB)
- 2021 PPP Approved Lending as of 3/7/21
 - Loans Approved 2,409,105
 - Net Dollars \$165 BB (10% first draw)
- 1% interest rate if not forgiven
- 5-year repayment term
- No lender/government fees
- No collateral/personal guarantees required
- Choose between 8 to 24-week covered period
- 501(c)(6)-Nonprofit are eligible for the PPP 2.0 if the organization does not receive more than 10% of its receipts from lobbying activities & the lobbying activities make up less than 10% of the organization's total activities.

Key Differences in PPP 2.0

- Must have less than 300 employees
- Must have used all funding from 1st round PPP
- One can certify the reduction when applying for the PPP, but documentation is required when applying for forgiveness.
- Simplified forgiveness application for loans under \$150,000
- Max loan of \$2 million
- **Must show a 25% decrease in gross receipts in one of the Quarters (Q1, Q2, Q3, or Q4) from 2020 to 2019.**

MUST BE THE CALENDAR QUARTERS AS FOLLOWS:

- Q1: January 1st - March 31st
- Q2: April 1st - June 30th
- Q3: July 1st - September 30th
- Q4: October 1st - December 31st

PPP 2.0 Revenue Reduction 25%

- Gross Receipts includes all revenue in whatever form received or accrued, including the sale of products/services, interests, dividends, rents, royalties, fees, or commissions reduced by returns and allowances.
- To show the 25% decrease, the same “Q” should be used to compare gross receipts, even if some quarters increase, a single 25% revenue reduction from 2019 to 2020 in a single quarter is required. Use Income Statements when applying

	2019	2020	% +/- in Gross Receipts
Q1	100	80	20% decrease
Q2	100	75	25% decrease
Q3	100	100	NA
Q4	100	110	10% increase

Calculating PPP 2.0 Loan Amount

(2019 or 2020 annual Payroll costs) divided by (12 months) multiplied by 2.5
(or 3.5)* = Max PPP Loan (Limit is \$2 million)

Use 3.5 for NAICS Code 72 (Hospitality/Restaurant)

Inclusions of Regular Payroll

- W-2 Employee Compensation (Important: 1099 expenses are excluded from payroll calculation)
- Cash tips or equivalents
- Payment for medical, parental, family, or sick leave
- Provision of employee benefits, vacation
- Employee portion of federal payroll taxes
- Income taxes required to be withheld by employer
- Cannot exceed \$100,000 per employee

New to PPP 2.0

- Payment for the provision of employee benefits consisting of group health care or group life, disability, vision, or dental insurance, including insurance premiums, and retirement.

Owner Compensation Replacement

- The SBA allows self-employed to use up to 2.5 months worth of their PPP loan to effectively pay one's salary
- Self-employed individuals can receive a maximum loan of \$20,833 in total owner compensation for one or more businesses
- The amount eligible for PPP 2.0 loan=
2019 Gross Income (Schedule C, line 7)
divided by 12 months
multiplied by 2.5 months

Seasonal Businesses

Seasonal Business:

- Operates seven months or less per year **OR**
- The preceding calendar year must have gross receipts for any six months of the year that make up less than 33.33% of the gross receipts for the other six months of the year.

To calculate payroll costs, average the total monthly payments payroll costs paid by the eligible business for the entire year for either **2019 or 2020**

(Total payroll cost for 2019 or 2020) divided by (12 months)
multiplied by 2.5 (or 3.5 for NAICS 72)

OR

At the election of the borrower, the average total monthly payroll costs incurred or paid by the borrower for any **12-week period** between February 15, 2019 & February 15, 2020 can be used.

(Total Payroll Cost for 12-week period) divided by (12 weeks) multiplied by (52 weeks)
divided by (12 months) multiplied by 2.5 (or 3.5 for NAICS 72)

- Max amount of \$2 million for both calculations

Allowable Use of PPP 2.0 Funds

Minimum 60% Salary, Wages, Compensation

Maximum 40% Other Expenses

- Payroll
- Utilities (gas, electric, water, telephone, internet)
- Rent (real and personal property)
- Mortgage Interest
- Operations Expenditure*
- Property Damage Cost (due to civil unrest)*
- Supplier Cost*
- Worker Protection Expenditure*

*= New PPP 2.0 forgivable expenditures

What You Need To Apply for PPP 2.0

Contact your original PPP first-draw lender/bank for details (Additional Resource: [SBA Lender Match](#))

1. **Completed PPP Application**
2. **Proof of Payroll or self-income (Provide one of the following documents)**
 - 940, 941, or 944 for 2019
 - Payroll processor records from a PEO (Professional Employer Organization)
 - If self-employed (Independent Contractors/Sole-proprietors): 2019 IRS Form 1040 Schedule C
 - Partnership without employees: 2019 Schedule K-1 IRS Form 1065
 - If the entity has not yet filed a tax return for 2020**, the Applicant must fill out the return forms, compute the relevant gross receipts value and sign and date the return, attesting that the values that enter into the gross receipts computation are the same values that will be filed on the entity's tax return.
3. **Average monthly payroll costs (for business with employees)**
4. **Proof of Ownership**
 - Corporations with employees/partnerships: Schedule K-1 (IRS Form 1065)
 - Sole Proprietors: IRS Form 1040
 - Independent Contractors: IRS Form 1040 (or IRS Form W9)
5. **All Owners with 20% or more of the business must have**
 - Email address
 - Unexpired government-issued driver's license or passport
6. **Electronic Funds transfer information**
7. **Business Operation/ Activity Status: screenshot or pdf from the Secretary of State website**
 - <https://egov.maryland.gov/BusinessExpress/EntitySearch>

PPP- Second Draw Borrower Application Form

<https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program/second-draw-ppp-loans>



**Paycheck Protection Program
Second Draw Borrower Application Form
Revised March 3, 2021**

OMB Control No.: 3245-0417
Expiration Date: 9/30/2021

Check One: <input type="checkbox"/> Sole proprietor <input type="checkbox"/> Partnership <input type="checkbox"/> C-Corp <input type="checkbox"/> S-Corp <input type="checkbox"/> LLC <input type="checkbox"/> Independent contractor <input type="checkbox"/> Self-employed individual <input type="checkbox"/> 501(c)(3) nonprofit <input type="checkbox"/> 501(c)(6) organization <input type="checkbox"/> 501(c)(19) veterans organization <input type="checkbox"/> Housing cooperative <input type="checkbox"/> Tribal business <input type="checkbox"/> Other	DBA or Tradename (if applicable)	Year of Establishment (if applicable)
	Business Legal Name	NAICS Code
Business Address (Street, City, State, Zip Code - No P.O. Box addresses allowed)	Business TIN (EIN, SSN, ITIN)	Business Phone
	Primary Contact	Email Address

Average Monthly Payroll:	\$	x 2.5 (or x 3.5 for NAICS 72 applicants) equals Loan Request Amount (may not exceed \$2,000,000):	\$	Number of Employees (including affiliates, if applicable; may not exceed 300 unless "per location" exception applies):	
Purpose of the loan (select all that apply):	<input type="checkbox"/> Payroll Costs	<input type="checkbox"/> Rent / Mortgage Interest	<input type="checkbox"/> Utilities	<input type="checkbox"/> Covered Operations Expenditures	
	<input type="checkbox"/> Covered Property Damage	<input type="checkbox"/> Covered Supplier Costs	<input type="checkbox"/> Covered Worker Protection Expenditures	<input type="checkbox"/> Other (explain):	
PPP First Draw SBA Loan Number:					

Reduction in Gross Receipts of at Least 25% (Applicants for loans of \$150,000 or less may leave blank but must provide upon or before seeking loan forgiveness or upon SBA request):	2020 Quarter (e.g., 2Q 2020):		Reference Quarter (e.g., 2Q 2019):	
	Gross Receipts:	\$	Gross Receipts	\$

- Apply only if you have used all the funds from the first draw PPP.
- Not required to file for PPP 1st draw forgiveness before PPP second draw application (Must apply for PPP first draw forgiveness 10 months after 24-week cover period ends).



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	Business Legal Name	NAICS Code
Business Address (Street, City, State, Zip Code - No P.O. Box addresses allowed)	Business TIN (EIN, SSN, ITIN)	Business Phone
	Primary Contact	Email Address

Average Monthly Payroll:	\$ _____	x 2.5 (or x 3.5 for NAICS 72 applicants) equals Loan Request Amount (may not exceed \$2,000,000):	\$ _____	Number of Employees (including affiliates, if applicable; may not exceed 300 unless "per location" limitation applies):	_____
Purpose of the loan (select all that apply):	<input type="checkbox"/> Payroll Costs	<input type="checkbox"/> Rent / Mortgage Interest	<input type="checkbox"/> Utilities	<input type="checkbox"/> Covered Operations Expenditures	_____ (explain):
	<input type="checkbox"/> Covered Property Damage	<input type="checkbox"/> Covered Supplier Costs	<input type="checkbox"/> Covered Worker Protection Expenditures	<input type="checkbox"/> _____	
PPP First Draw SBA Loan Number:	_____				

Reduction in Gross Receipts of at Least 25% (Applicants for loans of \$150,000 or less may leave blank but must provide upon or before seeking loan forgiveness or upon SBA request):	2020 Quarter (e.g., 2Q 2020):	_____	Reference Quarter (e.g., 2Q 2019):	_____
	Gross Receipts:	\$ _____	Gross Receipts	\$ _____

NAICS Code: Business activity code on your IRS income tax filing

<https://www.naics.com/code-search/?naicstrms=restaurant>

Where to Find the NAICS Code?

- 1040 (Schedule C):** "Enter Code From Instructions" Line A, part B
- 1120:** "Business Activity Code Number" Page 4, line 2a
- 1120-S:** "Business Activity Code Number" line B

NAICS Code must be in sector 72 in order to multiply by "3.5"
Example: NAICS = 722500



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Business Legal Name		NAICS Code
Business Address (Street, City, State, Zip Code - No P.O. Box addresses allowed)	Business TIN (EIN, SSN, ITIN)	Business Phone
	Primary Contact	Email Address

TIN (Taxpayer Identification Number): Use same # (EIN or SIN) used when reporting wages on payroll. Any business with employees will have an EIN #

Average Monthly Payroll:	\$	x 2.5 (or x 3.5 for NAICS 72 applicants) equals Loan Request Amount (may not exceed \$2,000,000):	\$	Number of Employees (including affiliates, if applicable; may not exceed 300 unless "per location" exception applies):	
Purpose of the loan (select all that apply):	<input type="checkbox"/> Payroll Costs	<input type="checkbox"/> Rent / Mortgage Interest	<input type="checkbox"/> Utilities	<input type="checkbox"/> Covered Operations Expenditures	
	<input type="checkbox"/> Covered Property Damage	<input type="checkbox"/> Covered Supplier Costs	<input type="checkbox"/> Covered Worker Protection Expenditures	<input type="checkbox"/> Other (explain):	
PPP First Draw SBA Loan Number:					

of Employees: Include full and part-time

SBA loan number: of their first PPP loan: XXXXXXXX-XX (i.e. eight numbers followed by a dash and then two more numbers).

Reduction in Gross Receipts of at Least 25% (Applicants for loans of \$150,000 or less may leave blank but must provide upon or before seeking loan forgiveness or upon SBA request):	2020 Quarter (e.g., 2Q 2020):		Reference Quarter (e.g., 2Q 2019):	
	Gross Receipts:	\$	Gross Receipts	\$

Must use same Quarter to compare gross receipts in 2019 & 2020
Gross Receipts go directly below. Keep documentation to support 25% reduction

Applicant Ownership

List all owners of 20% or more of the equity of the Applicant. Attach a separate sheet if necessary.

Owner Name	Title	Ownership %	TIN (EIN, SSN, ITIN)	Address

TIN (Taxpayer Identification Number): Can be found on IRS tax returns

PPP Applicant Demographic Information (Optional)

Veteran/gender/race/ethnicity data is collected for program reporting purposes only. Disclosure is voluntary and will have no bearing on the loan application decision.

Principal Name	Principal Position
	Select Response Below:
Veteran	<input type="checkbox"/> Non-Veteran; <input type="checkbox"/> Veteran; <input type="checkbox"/> Service-Disabled Veteran; <input type="checkbox"/> Spouse of Veteran; <input type="checkbox"/> Not Disclosed
Gender	<input type="checkbox"/> Male; <input type="checkbox"/> Female; <input type="checkbox"/> Not Disclosed
Race (more than 1 may be selected)	<input type="checkbox"/> American Indian or Alaska Native; <input type="checkbox"/> Asian; <input type="checkbox"/> Black or African-American; <input type="checkbox"/> Native Hawaiian or Pacific Islander; <input type="checkbox"/> White; <input type="checkbox"/> Not Disclosed
Ethnicity	<input type="checkbox"/> Hispanic or Latino; <input type="checkbox"/> Not Hispanic or Latino; <input type="checkbox"/> Not Disclosed

Demographic Information: Optional

If questions 1, 2, 4, or 5 are answered “Yes,” the loan will not be approved

If questions (1), (2), (4), or (5) are answered “Yes,” the loan will not be approved.

Question	Yes	No
1. Is the Applicant or any owner of the Applicant presently suspended, debarred, proposed for debarment, declared ineligible, voluntarily excluded from participation in this transaction by any Federal department or agency, or presently involved in any bankruptcy?	<input type="checkbox"/>	<input type="checkbox"/>
2. Has the Applicant, any owner of the Applicant, or any business owned or controlled by any of them, ever obtained a direct or guaranteed loan from SBA or any other Federal agency (other than a Federal student loan made or guaranteed through a program administered by the Department of Education) that is (a) currently delinquent, or (b) has defaulted in the last 7 years and caused a loss to the government?	<input type="checkbox"/>	<input type="checkbox"/>
3. Is the Applicant or any owner of the Applicant an owner of any other business, or have common management (including a management agreement) with any other business? If yes, list all such businesses (including their TINs if available) and describe the relationship on a separate sheet identified as addendum A.	<input type="checkbox"/>	<input type="checkbox"/>
4. Is the Applicant (if an individual) or any individual owning 20% or more of the equity of the Applicant presently incarcerated or, for any felony, presently subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction? Initial here to confirm your response to question 4 → <input type="text"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Within the last 5 years, for any felony involving fraud, bribery, embezzlement, or a false statement in a loan application or an application for federal financial assistance, has the Applicant (if an individual) or any owner of the Applicant 1) been convicted; 2) pleaded guilty; 3) pleaded nolo contendere; or 4) commenced any form of parole or probation (including probation before judgment)? Initial here to confirm your response to question 5 → <input type="text"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Is the United States the principal place of residence for all employees included in the Applicant’s payroll calculation above?	<input type="checkbox"/>	<input type="checkbox"/>
7. Is the Applicant a franchise?	<input type="checkbox"/>	<input type="checkbox"/>
8. Is the franchise listed in SBA’s Franchise Directory? If yes, enter SBA Franchise Identifier Code here: <input type="text"/>	<input type="checkbox"/>	<input type="checkbox"/>

- Be sure to initial **#4** & **#5** beneath the Question.
- **#8-** SBA Franchise Directory:
<https://www.sba.gov/document/support-sba-franchise-directory>



**Paycheck Protection Program
Second Draw Borrower Application Form
Revised March 3, 2021**

By Signing Below, You Make the Following Representations, Authorizations, and Certifications

I certify that:

- I have read the statements included in this form, including the Statements Required by Law and Executive Orders, and I understand them.
- The Applicant is eligible to receive a loan under the rules in effect at the time this application is submitted that have been issued by the Small Business Administration (SBA) and the Department of the Treasury (Treasury) implementing Second Draw Paycheck Protection Program Loans under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (the Paycheck Protection Program Rules).
- The Applicant, together with its affiliates (if applicable), (1) is an independent contractor, self-employed individual, or sole proprietor with no employees; (2) employs no more than 300 employees; or (3) if NAICS 72, employs no more than 300 employees per physical location; (4) if 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 code 511110 or 5151, employs no more than 300 employees per location.
- I will comply, whenever applicable, with the civil rights and other limitations in this form.
- All loan proceeds will be used only for business-related purposes as specified in the loan application and consistent with the Paycheck Protection Program Rules including the prohibition on using loan proceeds for lobbying activities and expenditures. If Applicant is a news organization that became eligible for a loan under Section 317 of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act, proceeds of the loan will be used to support expenses at the component of the business concern that produces or distributes locally focused or emergency information.
- I understand that SBA encourages the purchase, to the extent feasible, of American-made equipment and products.
- The Applicant is not engaged in any activity that is illegal under federal, state or local law.

For Applicants who are individuals: I authorize the SBA to request criminal record information about me from criminal justice agencies for the purpose of determining my eligibility for programs authorized by the Small Business Act, as amended.

The authorized representative of the Applicant must certify in good faith to all of the below by **initialing** next to each one:

 The Applicant was in operation on February 15, 2020, has not permanently closed, and was either an eligible self-employed individual, independent contractor, or sole proprietorship with no employees, or had employees for whom it paid salaries and payroll taxes or paid independent contractors, as reported on Form(s) 1099-MISC.

 Current economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant.

 The Applicant has realized a reduction in gross receipts in excess of 25% relative to the relevant comparison time period. For loans greater than \$150,000, Applicant has provided documentation to the lender substantiating the decline in gross receipts. For loans of \$150,000 or less, Applicant will provide documentation substantiating the decline in gross receipts upon or before seeking loan forgiveness for the Second Draw Paycheck Protection Program Loan or upon SBA request.

 The Applicant received a First Draw Paycheck Protection Program Loan and, before the Second Draw Paycheck Protection Program Loan is disbursed, will have used the full loan amount (including any increase) of the First Draw Paycheck Protection Program Loan only for eligible expenses.

 The funds will be used to retain workers and maintain payroll; or make payments for mortgage interest, rent, utilities, covered operations expenditures, covered property damage costs, covered supplier costs, and covered worker protection expenditures as specified under the Paycheck Protection Program Rules; I understand that if the funds are knowingly used for unauthorized purposes, the federal government may hold me legally liable, such as for charges of fraud.

 I understand that loan forgiveness will be provided for the sum of documented payroll costs, covered mortgage interest payments, covered rent payments, covered utilities, covered operations expenditures, covered property damage costs, covered supplier costs, and covered worker protection expenditures, and not more than 40% of the forgiven amount may be for non-payroll costs. If required, the Applicant will provide to the Lender and/or SBA documentation verifying the number of full-time equivalent employees on the Applicant's payroll as well as the dollar amounts of eligible expenses for the covered period following this loan.

 The Applicant has not and will not receive another Second Draw Paycheck Protection Program Loan.

 The Applicant has not and will not receive a Shuttered Venue Operator grant from SBA.



**Paycheck Protection Program
Second Draw Borrower Application Form
Revised March 3, 2021**

 The President, the Vice President, the head of an Executive department, or a Member of Congress, or the spouse of such person as determined under applicable common law, does not directly or indirectly hold a controlling interest in the Applicant, with such terms having the meanings provided in Section 322 of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act.

 The Applicant is not an issuer, the securities of which are listed on an exchange registered as a national securities exchange under section 6 of the Securities Exchange Act of 1934 (15 U.S.C. 78f).

 The Applicant is not a business concern or entity (a) for which an entity created in or organized under the laws of the People's Republic of China or the Special Administrative Region of Hong Kong, or that has significant operations in the People's Republic of China or the Special Administrative Region of Hong Kong, owns or holds, directly or indirectly, not less than 20 percent of the economic interest of the business concern or entity, including as equity shares or a capital or profit interest in a limited liability company or partnership; or (b) that retains, as a member of the board of directors of the business concern, a person who is a resident of the People's Republic of China.

 The Applicant is not required to submit a registration statement under section 2 of the Foreign Agents Registration Act of 1938 (22 U.S.C. 612).

 The Applicant is not a business concern or entity primarily engaged in political or lobbying activities, including any entity that is organized for research or for engaging in advocacy in areas such as public policy or political strategy or otherwise describes itself as a think tank in any public documents.

 I further certify that the information provided in this application and the information provided in all supporting documents and forms is true and accurate in all material respects. I understand that knowingly making a false statement to obtain a guaranteed loan from SBA is punishable under the law, including under 18 U.S.C. 1001 and 3571 by imprisonment of not more than five years and/or a fine of up to \$250,000; under 15 U.S.C. 645 by imprisonment of not more than two years and/or a fine of not more than \$5,000; and, if submitted to a federally insured institution, under 18 U.S.C. 1014 by imprisonment of not more than thirty years and/or a fine of not more than \$1,000,000.

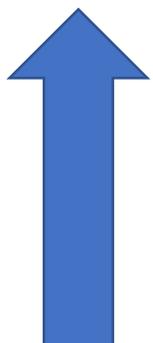
 I acknowledge that the Lender will confirm the eligible loan amount using required documents submitted. I understand, acknowledge, and agree that the Lender can share any tax information that I have provided with SBA's authorized representatives, including authorized representatives of the SBA Office of Inspector General, for the purpose of compliance with SBA Loan Program Requirements and all SBA reviews.

Signature of Authorized Representative of Applicant

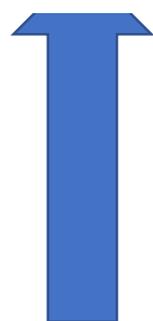
Print Name

Date

Title



**Be sure to initial to the left,
certifying all information**



Sign and Date at the bottom

Application Deadlines

PPP 2.0- Paycheck Protection Plan

- **Currently** still March 31st, 2021 deadline.
- Use same Bank/institution to apply for PPP 2.0 (if not possible: [SBA Lender Match](#))
- Note some lenders have already stopped accepting applications.

EIDL (Economic Injury Disaster Loan)

- December 31st, 2021 (or when funding runs out)
- [Economic Injury Disaster Loans \(sba.gov\)](#)

EIDL- Economic Injury Disaster Loan (Not Forgiven)

<https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/covid-19-economic-injury-disaster-loans>

- 30-year fixed loan
- \$150,000 limit
- Fixed interest of 3.75% (2.75% for non-profit)
- Extended until 12/31/21 (or when funds run out)

Can Be Used:

1. Working capital and normal operating expenses, such as continuation of payroll, health care benefits, rent, utilities, fixed debt payments.
2. Inventory & Maintenance (normal wear & tear)
3. Principal payment/mortgage (not government debt)

Cannot Be Used:

1. Payment of other SBA loans/ lenders
2. New Infrastructure
3. Tax penalties
4. Civil fines
5. Repairs of property/ physical damage
6. Pay dividends or distributions to owners/partners
7. Cannot refinance monthly debt

EIDL- Economic Injury Disaster Loan Contd.

For Help Applying:

Call: 800-659-2955

Text: 1-800-877-8339

Email: disastercustomerservice@sba.gov.

Collateral:

- If the loan is up to \$25,000, the EIDL LOAN is UNSECURED. That means NO COLLATERAL.
- If the loan amount is more than \$25,000, the SBA (as the lender) will have a lien on business assets owned by the Borrower (in some cases, the SBA may also take real estate as collateral). For business assets, this filing is known as a “blanket lien on all business assets” which includes all equipment, inventory, accounts receivable, cash in bank accounts, etc. It is created with a document filing (called a “UCC filing”) with the state. That form is filed by the lienholder (the SBA) in Maryland with the Department of Assessments and Taxation. That’s one of the fees which is itemized and taken from your EIDL LOAN amount when it was funded. It is a public record under the business name. Similar to when you finance your car as the lender/lienholder has that lien as “collateral” on record via a “Security Interest Filing” with Maryland MVA. Just documented differently.

Targeted EIDL Advance

- **COVID-19 Targeted EIDL Advance** was signed into law on December 27, 2020, as part of the Economic Aid to Hard-Hit Small Businesses, Non-Profits, and Venues Act. The Targeted EIDL Advance provides businesses located in low-income communities with additional funds to ensure small business continuity, adaptation, and resiliency.
- Advance funds of **up to \$10,000** will be available to applicants located in low-income communities who previously received an EIDL Advance for less than \$10,000, or those who applied but received no funds due to lack of available program funding.
- **Applicants do not need to take any action at this time. SBA will reach out to those who qualify.**
- SBA will first reach out to EIDL applications that already received a partial EIDL Advance (i.e. between \$1,000 - \$9,000). Applicants will be contacted directly by SBA via email in the coming weeks with instructions to determine eligibility and submit documentation.
- **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.**

ERTC: Employee Retention Tax Credit

- March 13, 2020 – December 31, 2020
 - **Employers can now also receive both the Employee Retention Tax Credit and a PPP loan, just not to cover the same payroll expenses.**
 - **FY 2020: 50%** of qualified wages for the whole year (or a maximum of \$5,000 per employee).
 - Qualified wages (max of \$10,000 per employee) and 50% credit are eligible for ERTC
 - **Were gross receipts for a quarter in 2020 less than 50% of gross receipts for the same quarter in 2019?**
- January 1, 2021 – ~~June 30, 2021~~ **ERTC extended through 12/31/2021**
 - **FY2021: 70%** of qualified wages per quarter (or a maximum \$7,000 per employee per quarter) through June 30th
 - **Were gross receipts for Q1 or Q2 2021 less than 80% of gross receipts for the same calendar quarter in 2019?**
 - Qualified wages (max of \$10,000 per employee) in this quarter are eligible, but limited to \$7,000 credit per employee per quarter & up to \$14,000 in 2 Quarters
 - **ERTC extended through 12/31/2021**

<https://www.irs.gov/forms-pubs/about-form-7200>

Employee Retention Tax Credit Overview

	2020 Rules	Update 1: 3/13/2020-12/31/20	Update 2: 1/1/2021-6/30/21
Interaction with PPP	No ERTC if received a PPP loan	Taxpayers that receive a PPP loan can claim the ERTC, excluding wages paid for by a PPP loan.	
Maximum Tax Credit per Employee	\$10,000 for 2020	\$10,000 for 2020	\$14,000 for 2021
Tax Credit Calculation	50% of the first \$10,000 in qualified wages per employee in a quarter	50% of the first \$10,000 in qualified wages per employee in a quarter	70% of the first \$10,000 in qualified wages per employee in a quarter
Eligibility	100 employees or less		500 employees or less
	50% reduction in gross receipts a quarter compared to same quarter in 2019 OR subjected to mandatory partial or full shutdown		20% reduction in gross receipts a quarter compared to same quarter in 2019 OR subjected to mandatory partial or full shutdown

Information from NFIB:

<https://www.nfib.com/content/analysis/coronavirus/employee-retention-tax-credit-updated-expanded-for-q1-and-q2-of-2021/>

Shuttered Venue Operators Grant (SVOG Program):

Applications Not Yet Available

Sign up for updates using above address: <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/shuttered-venue-operators-grant>
(FAQ, Checklist, Requirements)

1. [Sign up for a DUNS #](#) or [validate if you already have one](#) - allow 1-2 business days for this step.
2. Register with [SAM \(Systems for Awards Management\)](#) - allow up to 2 weeks for approval.
3. Create a [login.gov profile](#).
4. Email: SVOGrant@sba.gov with any questions

Eligible Entities:

- Must have been in operation as of Feb. 29, 2020
- Venue or promoter must not have received a PPP loan (1st or 2nd draw) after December 27th, 2020
- 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

Work Sharing:

A voluntary Maryland Division of Unemployment Insurance (DUI) program that provides an alternative to layoffs for employers confronted with a sharp, temporary decline in business. The Work Sharing (WS) program allows an employer to cut costs by equally dividing available hours of work among employees, allowing employees to be eligible to receive partial Unemployment Insurance (UI) benefit payments.

NEXT STEPS

Visit <https://www.dllr.state.md.us/employment/worksharing/> for more information on benefits, requirements, and how to apply

CONTACT

ui.worksharing@maryland.gov for additional information or questions.

Local Contact Information:

Maryland SBDC

www.marylandsbdc.org

<https://mdsbdc.ecenterdirect.com>



Salisbury (SBDC)

East Campus Complex

215 Power & Wayne Street

Salisbury, MD 21801

Email: FAHEDRICK@salisbury.edu

410-548-4419

Salisbury Area Chamber of Commerce

Email: chamber@salisburyarea.com

Phone: 410-749-0144

Revenue Administration Division

Sarah C. Dufresne, Assistant Director

Email: sdufresne@marylandtaxes.gov

Phone: 410-260-6181

Website: <https://www.marylandtaxes.gov/index.php>

Greater Ocean City Chamber of Commerce

12320 Ocean Gateway, Ocean City, MD 21842

Lachelle Scarlato, Executive Director

Email: Lachelle@oceancity.org

Office: 410-213-0144 ext.102

Mobile: 443-513-6706

oceancity.org



Economic Development:

Salisbury-Wicomico Economic Development (SWED)

David Ryan, Executive Director

Email: dryan@swed.org

Phone: 410-749-1251

Worcester County Department of Economic Development

100 Pearl Street, Suite B Snow Hill, MD 21863

Melanie Pursel, Director of Tourism & Economic Development

<https://chooseworcester.org/>

Email: mpursel@co.worcester.md.us

Phone: 410-632-3112



Q & A Session:



Maryland SBDC: www.marylandsbdc.org



U.S. Small Business
Administration

SBA: <https://www.sba.gov/>