Small Business Updates Webinar: PPP, EIDL and other SBA updates

Wednesday, January 28th | 1pm-2:30pm

Moderator: Sarah Domondon, Office of Economic Development
Housekeeping items

• Today’s webinar is being recorded and is scheduled to last 1.5 hour, including Q & A

• All participants will be muted to enable the speakers to present without interruption

• Questions can be submitted any time via the ‘Questions’ screen on the GoToWebinar control panel; please only use chat box for logistical purposes.

• Slides and a recording of this presentation will be available 1-2 days after the webinar on bottomline.seattle.gov
Today's presenters

**Steve Burke**  
SBDC Business Advisor | Western Washington Regional Manager, SBDC

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Marketing and Outreach Specialist | Seattle District Office, US SBA

**Kaleb Kim**  
SBA & Commercial Lending | West Team, NDC
SBA Programs and PPP Loan Application Information from the Economic Aid Act Signed on Dec 27, 2020
Today we’ll cover:

• Overview of the key elements of the new 2021 Paycheck Protection Program (PPP).
• Updated additional details included in the new legislation and a focus on the importance of accuracy.
• Other SBA and Tax provisions included in the new legislation.
• Elements of the new legislation specifically for underserved and low-income communities.
• The most current information about when and where to apply for the PPP loans.
• SBA Economic Injury Disaster Loan (EIDL) Update.
• Where to seek additional assistance and one on one advising.
SBA Programs & PPP Applications 2021

• The information provided in this presentation is relevant as of 1-28-21. Neither the presenters, nor the Washington Small Business Development Centers are the final authority on this material. The information is subject to change at any time with new legislation and/or additional rules from the Treasury and/or the SBA. We do update this presentation with new rules and guidance as they become available.

• Consult your CPA, Attorney or similar professional for tax and legal advice regarding how these programs may impact your specific business.

• The purpose of this presentation is to assist small business owners with their use of the programs established by the federal legislation. It is also to help Technical Assistance partners supporting bilingual and underserved communities better assist their small business owners with this material.
What can the small business owner do to get ready:

• Find and review 2019 tax return.
• Up to date 2019 and 2020 business Profit and Loss statements.
• Determine your highest average monthly payroll from either calendar year 2019 or 2020 or the last 12-months prior to the loan application. You may need evidence of changes in gross revenue from 2019 to 2020.
• Other documents you may need later - bank account statements, 3rd party payroll records, W2/W3 forms, tax forms such as 941, copies of funds transfers such as ACH, checks, state wage reporting documents for unemployment and L&I, the employer portions of: health insurance, retirement plans and state/local taxes – payment receipts and cancelled checks or account statements.
• If you will be applying for a 2nd PPP, you will need the loan number from the 1st PPP. Accuracy of EIN, Business Name and Owners is being cross checked.
The Five Major PPP Changes - #1: The 1\textsuperscript{st} Draw PPP Loan:

- Business entities who did not receive a PPP loan in 2020.
- First priority goes to first time PPP borrowers, including minority owned, veteran owned, woman owned and businesses in underserved markets.
- Must show that they were in operation on or before February 15th, 2020.
- Maximum loan amount is $10 million (affiliation alliances may apply) and not more than 500 employees per physical location (300 for housing cooperatives and destination marketing organization).
- Loan amounts are based on 2.5 times average monthly payroll in 2019 or prior to February 15\textsuperscript{th} 2020.
- Extends the time of the PPP application program to March 31, 2021 and appropriates $284.45 billion for it.
- There are narrow circumstances where a lender of record can increase 1\textsuperscript{st} draw loans. We can provide additional information on this.
The Five Major PPP Changes - #1: The 2nd Draw PPP Loan:

- Eligibility is for businesses that have used all of their first PPP loan funds as of Dec 31st.
- Must document 25% reduction in “gross revenue” on an annual basis or in any one of the four quarters in 2020 as compared to 2019.
- Loan amount maximum of $2 million and not more than 300 employees.
- Only one 2nd draw PPP loan is allowed.
- Loan amounts are based on 2.5-times average monthly payroll. It is 3.5-times average monthly payroll for accommodations and food services (NAICS 72).
- Eligible Entities: for profit businesses, certain non-profits including 501(c)(6), housing cooperatives, veterans' organizations, tribal businesses, self employed individuals, sole proprietors, independent contractors and small agricultural co-operatives.
The Five Major PPP Changes - #2: Simplified PPP Loan Forgiveness for Loans Up To $150,000:

- Loan forgiveness for loans $150,000 or less will use a new short form that has now been provided.
- The new form is one page and includes a description of the number of employees that were retained because of the PPP loan and the estimated total amount of the loan spent on payroll costs.
- The borrower will have to attest to certain certifications that demonstrate their compliance with the Paycheck Protection Program requirements.
- At least 60% of the use of PPP funds for payroll still applies. Up to 40% of PPP funds can be applied to allowable costs during the covered period.
- The covered period now is any dates within your chosen period of 8 or 24 weeks. The covered period starts for all PPP loans on the date of funding.
The Five Major PPP Changes - #3: Additional uses of the PPP funds:

• Additional uses for all new PPP loans allowed include - certain operational expenses for computing, human resources, accounting, supplier costs pursuant to a contract for goods and personal protective equipment.
• Property damage caused by civil unrest is an allowed PPP expense.
• Payroll costs can include group insurance including life, disability, health, vision, and/or dental insurance.
• PPP loans made before, on or after enactment of the new legislation can use the expanded forgivable expenses unless the 1st PPP loan has already been forgiven.
• Borrowers who returned all or part of their PPP loan funds may re-apply for a 1st draw PPP loan and some can apply for an increase, but certain narrow conditions apply.
• You must apply for loan forgiveness for each PPP loan separately.
The Five Major PPP Changes - #3: Additional uses of the PPP (con’t):

- Farmers and ranchers who operate as sole proprietors, independent contractors, self-employed individuals may utilize their gross income from their 2019 Schedule F and were in business on Feb 15, 2020 to calculate their PPP loan amount. Farm credit institutions can make PPP loans.
- A seasonal employer is one who operates for not more than seven months a year or earns no more than 1/3 of its receipts in any six months in the prior calendar year is eligible.
- Housing Cooperatives as defined in section 216b if the IRS code are eligible.
- FCC license holders and newspapers with more than one physical location and no more than 500 employees per location are eligible.
- 501(c)(6) and Destination Marketing Organizations are eligible if no more than 15% of receipts and/or activities are from lobbying and the cost of lobbying did not exceed $1 million in the tax year prior to Feb 15, 2020.
The Five Major PPP Changes - #4: EIDL Advance is no longer deducted from Loan Forgiveness:

• The new legislation repeals the CARES Act section that required the deduction of the EIDL Advance from the PPP loan forgiveness amount.

• If the PPP loan has already been forgiven, the SBA will provide a reconciliation payment to the lender to pay down the outstanding PPP loan balance caused by the EIDL Advance.

• The new legislation establishes that PPP borrowers who received the EIDL Advance should be made whole without regard to whether those borrowers are eligible for PPP forgiveness.
The Five Major PPP Changes - #5: Tax Provisions Expenses Forgiven Are Now Deductible Expenses For Year End Tax Reporting:

• Gross business income does not include any amount that would otherwise arise from the forgiveness of a PPP loan.

• Business tax deductions are allowed for otherwise deductible expenses paid with proceeds of a PPP loan that is forgiven.

• Gross business income does not include forgiveness of certain loans, emergency EIDL grants and certain loan re-payment assistance, each as provided in the CARES Act.

• These provisions are effective as of the date of the CARES Act in 2020.
Additional Details to the PPP Program Included in the New Legislation:

• PPP borrower may elect a covered period for the dates of the borrower’s choosing between 8- or 24-week period after the funding of the PPP loan.

• Maximum amount of annual payroll for any single person is $100,000 to obtain loan forgiveness.

• Seasonal employers can determine the PPP loan amount based on any 12-week period between Feb 15, 2019 and Feb 15, 2020.

• For all new PPP loans, documents are required at time of application for PPP loans over $150,000 and at time of forgiveness for $150,000 and under.

• PPP borrowers are required to retain all relevant records related to employment for four years and other records for three years.
The Importance of Accuracy:

- Staying in touch with your initial lender before you use a 2nd lender for a 2nd Draw PPP.
- The SBA is reviewing accuracy of applications for 1st and 2nd Draws before they approve new PPP loans with the lender.
- If there is something inaccurate in the 1st Draw PPP, there may be an SBA hold when applying for a 2nd Draw.
- Four common “holds” are a mismatch of EINs or SSN, Comparison of Business Names do not match, NAICS Code do not match, Owners do not match or are not correctly identified, and public records do not show business activity before February 15th, 2020. Additional documents are requested and needed to support those.
- If there is a 1st Draw hold, it has to be corrected by the first lender before a 2nd Draw can be approved with any lender.
Elements of the New Legislation Specifically for Underserved and Low-Income Communities:

- The SBA Administrator must issue guidance addressing the barriers to access to capital for underserved communities.
- Set-aside of $15 billion for PPP loans to be issued by community financial institutions, including CDFIs and minority depository institutions (MDIs).
- Set-aside of $15 billion for PPP loans issued by certain other small depository institutions.
- Set-aside of $35 billion for first time borrowers, $15 billion of which are for smaller, first time borrowers with 10 or fewer employees.
- $25 billion for 2\textsuperscript{nd} draw loans for smaller borrowers with 10 or fewer employees or loans less than $250,000 in low-income areas.
- $25 million for Minority Business Development Centers.
- $57 million for microloan programs.
$3.5 Billion for the Debt Relief Program & Bankruptcy Provisions:

Debt Relief Program:

• For those with existing SBA 7a, 504 (SBA Portion) and Microloans:
• The SBA will pay at least an additional three months of P&I starting in February 2021.
• Certain underserved businesses may receive additional months.
• These payments will be capped at $9,000. Loan payments above that will be the responsibility of the borrower.

Bankruptcy Provision:

Establishes a special procedure if the SBA Administrator determines certain small business debtors are eligible for the PPP loan. It requires court approval for PPP loans for these debtors.
$15 Billion in Grants for Shuttered Venue Operators – Things that will be required to apply:

- Obtain a Free DUNS number from Dun & Bradstreet - [http://fedgov.dnd.com/webform](http://fedgov.dnd.com/webform). For this you need Organization Name, CEO/Chief Officer Name, Legal Structure, Year Started, Primary type of Business, Number of Employees.

- With Duns number, you then register on SAM.gov at [https://sam.gov/SAM/](https://sam.gov/SAM/). For this you need the Duns #, Banking Information, Taxpayer Identification, Average Sales p/yr for last 3 years, total staff (FT & PT) for the last 12 months, primary points of contact for the business (phone, addresses, emails), your primary and other NAICS Code(s).

- It takes 12-15 days for your registration to become active in SAM. You will receive a Commercial & Government Entity or CAGE Code when it is active.
$15 Billion in Grants for Shuttered Venue Operators:

Grants will be available to eligible live venue operators or promoters, theatrical producers, live performing arts operators, museum operators, motion picture operators, and talent reps who demonstrate a revenue reduction. The processing priority will be as follows:

- **1st 14 days of program**, grants will be awarded to venues with a minimum 90% revenue loss.
- **2nd 14 days**, grants awarded to venues with a minimum 70% revenue loss.
- **After 28 days**, grants will be awarded to venues with less than a 70% revenues loss.
- **Initial grant** can be up to $10 million with a supplemental at 50% of 1st grant.
- **$2 Billion set-aside** for entities with up to 50 FT employees.
- **Shuttered Venue Entities** can receive this grant but if they do, they are not eligible for a new PPP loan.
Shuttered Venue Operators Grants (SVOG) con’t:

- This grant is going to be administered by the SBA Office of Disaster Assistance (ODA).
- The grant amount in general will be 45% of gross earned revenue if in operation on Jan. 1st 2019.
- If the venue was in operation after Jan. 1st 2019 you calculate the average monthly gross revenue for each full month in operation during 2019 and multiply that by 6.
- Applicants must have been in operation on February 29, 2020 and must not have received a PPP loan in 2021.
- You can apply if you received an EIDL loan and/or a PPP loan in 2020.
- The SVOG can be used for specific expenses broader than those allowed for the use of PPP funds.
- The SBA will publicize the opening of the portal for applications in advance.
Allowable use of funds for the SVOG:

• Payroll costs, rent payments, utility payments, scheduled mortgage payments, scheduled debt payments on any indebtedness incurred in the ordinary course of business prior to 02-15-20.

• Worker protection expenditures, payments to independent contractors (not to exceed $100K), other ordinary and necessary business expenses, including maintenance costs, administrative costs (incl. fees and licensing), State and local taxes and fees.

• Operating leases in effect as of 02-15-20, Insurance payments, advertising, production transportation, capital expenditures related to producing a theatrical/live performing arts production (not primary use of funds.)

Grantees may not use award funds to:

• Buy real estate, Make payments on loans originated after 02-15-20, Make investments or loans, Make contributions or other payments to or on behalf of, political parties, political committees, candidates for election.
$20 Billion for the Targeted EIDL Advance program and Emergency EIDL Grants:

- The SBA will reach out to those who qualify based on 1) Being located in a Low-Income Community as defined in Section 45D(e) if the IRS code. 2) Can demonstrate a 30% reduction in revenue during an 8-week period after March 8th, 2020. 3) Have previously applied for an EIDL Advance prior to Dec. 27th, 2020 and/or did not receive the full $10,000. 4) Have 300 or fewer employees.
- Sole Proprietors, Independent Contractors, For Profit and Non-Profit organizations are eligible but agricultural enterprises are not eligible.
- The SBA will send emails from sba.gov to those who meet the four qualifying items with information on how to apply for the Targeted EIDL Advance, determine eligibility and submit documents.
- The covered period for use of Emergency EIDL grants runs to December 31, 2021, only prior EIDL applicants will be considered.
Employee Retention Tax Credit (ERTC):

• This is a good option for those who cannot apply for a new PPP.
• Those who receive a PPP can qualify for the ERTC for wages that are not forgiven with PPP proceeds.
• Additional eligibility for full or partial reduction in business activity that may have resulted from government orders.
• The ERTC credit is a reduction in the amount due on 941/940 reports of up to 70% of qualified wages.
• Requires a year over year gross revenue decline of 20% or more.
• Establishes a credit limit of $10,000 per employee per quarter.
• Allows businesses with 500 or fewer employees to advance the credit based on wages paid in the same quarter in a previous year.
• Additional information and rules on the ERTC are available and more will be coming. We have a link to the IRS on this in an upcoming slide.
The Most Current Information About When and Where to Apply for the PPP loans:

- First priority lenders - Community Financial Institutions (CFI), CDFIs, CDCs and Micro lenders and Minority Depository Institutions - started processing PPP loans the week of January 11th.

- The PPP Program opens to small lenders on Friday January 15th. A small lender is one with $1 Billion or less in assets.

- The PPP Program opens to all participating lenders on Tuesday, January 19th. All other lenders are banks, credit unions and farm credit institutions.

- Lender Match on the SBA website will assist in location lenders for PPP loans.

- For all 1st or 2nd Draw PPP loans you have to work with an SBA approved PPP lender.
SBA Programs & PPP Applications 2021

SBA Economic Injury Disaster Loan (EIDL) Update:
• The EIDL Loan Program has been reauthorized through 12-31-2021 or until funds are no longer available. Interest rates are 3.75% for for-profit businesses and 2.75% for non-profit businesses for a 30-year term. Payments are deferred until 12 months and there is no prepayment penalty.
• Apply here - [https://covid19relief.sba.gov/#/](https://covid19relief.sba.gov/#/). Print each application page and verify for accuracy before moving to the next page. Validate your deposit institution’s routing number and your account number.
• Office of Disaster Assistance’s Customer Service Center is 1-800-659-2955. To check status of your EIDL loan, call the 800 # and ask for a Tier 2 person.
• To ask for EIDL reconsideration if your loan request is denied or to request an increase in your loan amount - email to [pdcrecons@sba.gov](mailto:pdcrecons@sba.gov). You may be required to complete an SBA form 3501, a statement of liabilities and an updated form 4506-T (request for Transcript of Tax Return). Be sure these are accurate.
## PPP 1st Draw SBA Form 2483 (Rev 1/8/21)

**Paycheck Protection Program**
**Borrower Application Form Revised January 8, 2021**

<table>
<thead>
<tr>
<th>Check One:</th>
<th>DBA or Tradename (if applicable)</th>
<th>Year of Establishment (if applicable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sole Proprietor</td>
<td>Second Time Clothes</td>
<td>2015</td>
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<td>Partnership</td>
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<td>C-Corp</td>
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<td>S-Corp</td>
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<td>LLC</td>
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<td>Independent Contractor</td>
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<td>Self-Employed Individual</td>
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<td>501(c)(3) nonprofit</td>
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<tr>
<td>501(c)(6) organization</td>
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<td></td>
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<td>501(c)(19) veterans organization</td>
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<tr>
<td>Housing cooperative</td>
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<tr>
<td>Tribal Business</td>
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<tr>
<td>Other</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Business Legal Name</th>
<th>NAICS Code</th>
<th>Applicant (including affiliates, if applicable) Meets Size Standard (check one):</th>
</tr>
</thead>
<tbody>
<tr>
<td>June's Closet, LLC</td>
<td>431100</td>
<td>✅ No more than 500 employees (or 300 employees, if applicable)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Business Address (Street, City, State, Zip Code - No P.O. Box addresses allowed)</th>
<th>Business TIN (EIN, SSN)</th>
<th>Business Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td>235 Burberry Lane, Apple, Washington, 99232</td>
<td>91-456789</td>
<td>(509) 234-5678</td>
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</table>

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<thead>
<tr>
<th>Average Monthly Payroll:</th>
<th>$5,000.00</th>
<th>x 2.5 + EIDL (Do Not Include Any EIDL Advance) equals Loan Request Amount:</th>
<th>$12,500.00</th>
<th>Number of Employees:</th>
<th>5.00</th>
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<tr>
<th>Purpose of the loan (select all that apply):</th>
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</thead>
<tbody>
<tr>
<td>Payroll Costs</td>
<td>Rent / Mortgage Interest</td>
<td>Utilities</td>
<td>Covered Operations Expenditures</td>
<td>Other (explain):</td>
<td>Covered Property Damage</td>
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</tbody>
</table>
### Applicant Ownership

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

<table>
<thead>
<tr>
<th>Owner Name</th>
<th>Title</th>
<th>Ownership %</th>
<th>TIN (EIN, SSN)</th>
<th>Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>June Jones</td>
<td>Managing Member</td>
<td>100</td>
<td>1111111111</td>
<td>2425 Apple Way, Apple WA 99232</td>
</tr>
</tbody>
</table>

If questions (1), (2), (5), or (6) are answered “Yes,” the loan will not be approved.

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>No</th>
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<tbody>
<tr>
<td>1. Is the Applicant or any owner of the Applicant presently suspended,</td>
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<td>✓</td>
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<td>debarred, proposed for debarment, declared ineligible, voluntarily</td>
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<td>excluded from participation in this transaction by any Federal</td>
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<td>department or agency, or presently involved in any bankruptcy?</td>
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<td>✓</td>
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<td>2. Has the Applicant, any owner of the Applicant, or any business</td>
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<td>owned or controlled by any of them, ever obtained a direct or guaranteed</td>
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<td>loan from SBA or any other Federal agency that is (a) currently</td>
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<td>delinquent, or (b) has defaulted in the last 7 years and caused a loss</td>
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<td>to the government?</td>
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<td>3. Is the Applicant or any owner of any other business, or have</td>
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<td>✓</td>
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<td>common management (including a management agreement) with any other</td>
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<td>business? If yes, list all such businesses (including their TINs if</td>
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<td>available) and describe the relationship on a separate sheet identified</td>
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<td>as addendum A.</td>
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<td>✓</td>
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<td>4. Did the Applicant receive an SBA Economic Injury Disaster Loan</td>
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<td>✓</td>
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<td>between January 31, 2020 and April 3, 2020? If yes, provide details</td>
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<td>on a separate sheet identified as addendum B.</td>
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<td>5. Is the Applicant (if an individual) or any individual owning 20% or</td>
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<td>more of the equity of the Applicant presently incarcerated or, for any</td>
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<td>felony, presently subject to an indictment, criminal information,</td>
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<td>arraignment, or other means by which formal criminal charges are</td>
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<td>brought in any jurisdiction?</td>
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<td>Initial here to confirm your response to question 5: JJ</td>
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<td>✓</td>
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<td>6. Within the last 5 years, for any felony involving fraud, bribery,</td>
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<td>embezzlement, or a false statement in a loan application or an</td>
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<td>application for federal financial assistance, or within the last year,</td>
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<td>for any other felony, has the Applicant (if an individual) or any owner</td>
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<td>of the Applicant 1) been convicted, 2) pleaded guilty, 3) pleaded no</td>
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<td>lo contendere, or 4) commenced any form of parole or probation (including</td>
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<td>probation before judgment)?</td>
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<td>Initial here to confirm your response to question 6: JJ</td>
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<td>7. Is the United States the principal place of residence for all</td>
<td>✓</td>
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<td>employees included in the Applicant’s payroll calculation above?</td>
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<td>✓</td>
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<td>8. Is the Applicant a franchise?</td>
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<td>✓</td>
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<td>✓</td>
<td>✓</td>
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<tr>
<td>9. Is the franchise listed in the SBA’s Franchise Directory? If yes,</td>
<td></td>
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<tr>
<td>enter the SBA Franchise Identifier Code here:</td>
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<td>✓</td>
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</tbody>
</table>
Paycheck Protection Program
Borrower Application Form Revised January 8, 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 the Paycheck Protection Program 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) if not a housing cooperative, eligible 501(c)(6) organization, or eligible destination marketing organization, employs no more than the greater of 500 employees or, if applicable, the size standard in number of employees established by SBA in 13 C.F.R. 121.201 for the Applicant’s industry; (3) if a housing cooperative, eligible 501(c)(6) organization, or eligible destination marketing organization, employs no more than 300 employees; (4) if NAICS 72, employs no more than 500 employees per physical location; (5) 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 500 employees (or, if applicable, the size standard in number of employees established by SBA in 13 C.F.R. 121.201 for the Applicant’s industry) per location; or (6) is a small business under the applicable revenue-based size standard established by SBA in 13 C.F.R. 121.201 for the Applicant’s industry or under the SBA alternative size standard.
- 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.
- Any EIDL loan received by the Applicant (Section 7(b)(2) of the Small Business Act) between January 31, 2020 and April 3, 2020 was for a purpose other than paying payroll costs and other allowable uses for loans under the Paycheck Protection Program Rules.
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 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 loan under the Paycheck Protection Program, section 7(a)(36) of the Small Business Act (15 U.S.C. 636(a)(36)) (this does not include Paycheck Protection Program second draw loans, section 7(a)(37) of the Small Business Act (15 U.S.C. 636(a)(37)).

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

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).

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.
### PPP Borrower Demographic Information Form (Optional)

**Instructions**

1. **Purpose.** Veteran/gender/race/ethnicity data is collected for program reporting purposes only.
2. **Description.** This form requests information about each of the Borrower’s Principals. Add additional sheets if necessary.
3. **Definition of Principal.** The term “Principal” means:
   - For a self-employed individual, independent contractor, or a sole proprietor, the self-employed individual, independent contractor, or sole proprietor.
   - For a partnership, all general partners and all limited partners owning 20% or more of the equity of the Borrower, or any partner that is involved in the management of the Borrower’s business.
   - For a corporation, all owners of 20% or more of the Borrower, and each officer and director.
   - For a limited liability company, all members owning 20% or more of the Borrower, and each officer and director.
   - Any individual hired by the Borrower to manage the day-to-day operations of the Borrower (“key employee”).
   - Any trustee (if the Borrower is owned by a trust).
   - For a nonprofit organization, the officers and directors of the Borrower.
4. **Principal Name.** Insert the full name of the Principal.
5. **Position.** Identify the Principal’s position; for example, self-employed individual; independent contractor; sole proprietor; general partner; owner; officer; director; member; or key employee.

<table>
<thead>
<tr>
<th>Principal Name</th>
<th>June Jones</th>
<th>Position</th>
<th>Managing Member</th>
</tr>
</thead>
<tbody>
<tr>
<td>Veteran</td>
<td>1=Non-Veteran; 2=Veteran; 3=Service-Disabled Veteran; 4=Spouse of Veteran; X=Not Disclosed</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Gender</td>
<td>M=Male; F=Female; X=Not Disclosed</td>
<td>F</td>
<td></td>
</tr>
<tr>
<td>Race (more than 1 may be selected)</td>
<td>1=American Indian or Alaska Native; 2=Asian; 3=Black or African-American; 4=Native Hawaiian or Pacific Islander; 5=White; X=Not Disclosed</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Ethnicity</td>
<td>H=Hispanic or Latino; N=Not Hispanic or Latino; X=Not Disclosed</td>
<td>N</td>
<td></td>
</tr>
</tbody>
</table>

Disclosure is voluntary and will have no bearing on the loan application decision.
### Paycheck Protection Program
#### Second Draw Borrower Application Form

**Check One:**
- [x] Sole Proprietor
- [ ] Partnership
- [ ] C-Corp
- [ ] S-Corp
- [ ] LLC
- [ ] Independent Contractor
- [ ] Self-Employed Individual
- [ ] 501(c)(3) nonprofit
- [ ] 501(c)(6) organization
- [ ] 501(c)(19) veterans organization
- [ ] Housing cooperative
- [ ] Tribal Business
- [ ] Other

<table>
<thead>
<tr>
<th>DBA or Tradename (if applicable)</th>
<th>Year of Establishment (if applicable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nicole's Candle Shop</td>
<td>2019</td>
</tr>
</tbody>
</table>

**Business Legal Name:**
Nicole Johnson

**NAICS Code:**
831500

**Business Address:**
787 Quince Street
Seattle WA 98124

**Business TIN (EIN, SSN):**
451290874

**Business Phone:**
(206) 565-7891

**Primary Contact:**

**Email Address:**

**Average Monthly Payroll:**
$10,000.00

**x 2.5 (or x 3.5 for NAICS 72 applicants) equals Loan Request Amount (may not exceed $2,000,000):**
$25,000.00

**Number of Employees (including affiliates, if applicable; may not exceed 300):**
3.50

**Purpose of the loan (select all that apply):**
- [x] Payroll Costs
- [x] Rent / Mortgage Interest
- [x] Utilities
- [x] Covered Operations Expenditures
- [ ] Covered Property Damage
- [x] Covered Supplier Costs
- [x] Covered Worker Protection Expenditures
- [ ] Other (explain):

**PPP First Draw SBA Loan Number:**
97665888-88

**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):**

<table>
<thead>
<tr>
<th>2020 Quarter (e.g., 2Q 2020):</th>
<th>4Q 2020</th>
<th>Reference Quarter (e.g., 2Q 2019):</th>
<th>4Q 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Receipts:</td>
<td>$50,000.00</td>
<td>Gross Receipts:</td>
<td>$150,000.00</td>
</tr>
</tbody>
</table>

**OMB Control No.:** 3245-0417
**Expiration Date:** 7/31/2021
PPP 2nd Draw SBA Form 2483-SD

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

<table>
<thead>
<tr>
<th>Owner Name</th>
<th>Title</th>
<th>Ownership %</th>
<th>TIN (EIN, SSN)</th>
<th>Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nicole Johnson</td>
<td>Sole Proprietor</td>
<td>100</td>
<td>345526798</td>
<td>111 Drury Lane, Seattle WA 98124</td>
</tr>
</tbody>
</table>

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

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

33
Paycheck Protection Program
Second Draw Borrower Application Form

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.

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

Nicole Johnson

Print Name

Date

01/13/21

Sole Proprietor

Title
Where to Get Additional Information & Support Resources:

• Technical Assistance for non-English speakers, and underserved communities can be found at this link – https://www.commerce.wa.gov/serving-communities/technical-assistance-from-trusted-community-messengers/.

• Washington Statewide relief coordination, resources, local lenders, technical assistance and training events at smallbizhelpwa.com.

• One on One SBDC advising is at Washington@wsbdc.org or 833-492-7232.

• The SBA website at SBA.gov can be converted to 108 additional languages with the “Translate” button. COVID Resources in other languages: https://www.sba.gov/page/coronavirus-recovery-information-other-languages.

• Website for PPP info & FAQs - www.sba.gov/PPP.
Where to Get Additional Information & Support Resources:


• Treasury Website for PPP info & Rules - https://home.treasury.gov/policy-issues/cares/assistance-for-small-businesses.


• Use these links for more information on - How to Calculate First Draw & How to Calculate Second Draw.
Upcoming Training & Webinars:

- **1/29/2021** SBA Round 2 COVID-19 relief and PPP Application  
  [https://wsbdc.ecenterdirect.com/events/99271350](https://wsbdc.ecenterdirect.com/events/99271350)
- **2/5/2021** Updates to PPP Loan Forgiveness Instructions  
  [https://wsbdc.ecenterdirect.com/events/99271350](https://wsbdc.ecenterdirect.com/events/99271350)
- **2/12/2021** SBA Round 2 COVID-19 relief and PPP Application  
  [https://wsbdc.ecenterdirect.com/events/99271350](https://wsbdc.ecenterdirect.com/events/99271350)
- **2/19/2021** Updates to PPP Loan Forgiveness Instructions  
  [https://wsbdc.ecenterdirect.com/events/99271354](https://wsbdc.ecenterdirect.com/events/99271354)
- **2/26/2021** SBA Round 2 COVID-19 relief and PPP Application  
  [https://wsbdc.ecenterdirect.com/events/99271391](https://wsbdc.ecenterdirect.com/events/99271391)
- Special training for technical assistance partners and economic development organizations via the Washington Economic Development Association (WEDA) – Every Tuesday at 10:00am into March.
Find the Nearest Advisor:
https://wsbdc.org/contact-an-advisor/
washington@wsbdc.org or 833-4WA-SBDC
Q&A

Mark Costello
Deputy District Director
U.S. Small Business Administration
Seattle District Office
Email - mark.costello@sba.gov

Steve Burke
Western Washington Regional Manager
Small Business Development Center
Email Washington@wsbdc.org
Phone 833-492-7232

Janie Sacco
Marketing & Outreach Specialist
U.S. Small Business Administration
Seattle District Office
SBA Message Line 206.553.7310
Email -janie.sacco@sba.gov