



# SBA SBA DISASTER LOAN GUIDE

## EIDL, PPP, & UNEMPLOYMENT FOR COLORADO ARTISTS & CREATIVE BUSINESSES



Yes, **individual artists and creative businesses**, including sculptors, painters, film professionals, graphic designers and more can apply for this funding!



These opportunities include **freelancers, self-employed, gig workers and contract workers**.

### WHAT YOU NEED TO KNOW ABOUT THESE PROGRAMS:

#### Economic Injury Disaster Loan and Loan Advance (EIDL)

Low interest loans of up to \$2 million. The CARES Act includes a loan advance on EIDLs of up to \$10,000. The loan advance is forgivable and will not need to be repaid.

Available to: nonprofits, businesses, and independent contractors.

[Apply here](#)

#### Paycheck Protection Program (PPP)

The Paycheck Protection Program is a forgivable loan designed to provide a direct incentive for small businesses, including Colorado artists and creative businesses, to keep their workers on the payroll. This includes sustaining personal income for sole proprietors and independent contractors.

[Apply here](#)

#### Pandemic Unemployment Assistance (PUA)

Pandemic Unemployment Assistance (PUA) is a program established by the CARES Act that temporarily expands unemployment insurance eligibility to self-employed workers, freelancers, independent contractors, and part-time workers impacted by the coronavirus pandemic in 2020.

[Apply here](#)

For more Information visit [choosecolorado.com/covid19/](https://choosecolorado.com/covid19/)  
 Small Business Navigator Hotline: (303) 860-5881 | Hours: Monday - Friday, 8:00 a.m. - 5:00 p.m.  
 Email: [oedit\\_sbnavigator@state.co.us](mailto:oedit_sbnavigator@state.co.us)

# ECONOMIC INJURY DISASTER LOAN AND LOAN ADVANCE (EIDL)

## WHAT IS AN EIDL?

EIDLs (also known as Economic Injury Disaster Loans and pronounced “idle”) are low interest loans of up to \$2 million that can help small businesses overcome temporary loss of revenue as the result of a natural disaster. The CARES Act includes a loan advance on EIDLs of up to \$10,000 (based on a calculation of \$1,000 per employee) that will be available to successful applicants. Whether your EIDL is approved or not, the advance does not have to be repaid and you should receive it within days following a successful EIDL application, according to the SBA



### Who is eligible?

Nonprofits, businesses operating as corporations, LLCs, sole proprietorships, and independent contractors. This also includes nonprofits and businesses that recently began operation.



### When should I apply?

Apply now! Get in the queue - this is a cash advance grant and does not need to be repaid.



### Where should I apply?

[The quick, 15-minute application is available here.](#)

Unlike the PPP, which must be applied for through an SBA-approved credit union or bank, the EIDL application process is completed directly through the SBA.

## What else should I know?

### What do I need to apply?

Credit score, most recent federal income tax returns for the business, SBA Form 2202 or a similar schedule of liabilities listing all fixed debts.

### How soon will I receive the loan advance?

SBA has been directed by the CARES Act to disburse the advance within three days of a business’s application submission. Due to the high volume of applications, SBA has reported a longer wait period, but they are working hard to meet the three-day requirement.

### What can I do with this money?

EIDLs can be used to cover: fixed debts (eg. mortgages, rent, lease, or loan payments), payroll accounts payable (suppliers, utilities, accountants, etc.), and other bills that cannot be paid because of the disaster’s impact.

### Is my studio rent a permissible expense? How about my home mortgage or rent?

Yes and yes. EIDL loans can be used to cover payroll costs, fixed debts (mortgage, rent, lease), accounts payable, and other expenses.

**Do my future losses qualify for EIDL assistance if I'm a small business owner or 1099 worker whose gigs have been canceled through the summer?**

An applicant will need to show that it experienced a loss effective January 31, 2020, to the date of the application and/or will experience a loss in the future as compared against its 2019 financials.

**Do I have to take on debt to obtain an EIDL loan advance?**

Not necessarily. You will not have to pay back the loan advance even if you end up being denied a loan. If you do receive an EIDL loan, interest rates are 3.75% for businesses, 2.75% for nonprofits with a term duration of up to 30 years.

**Will the money run out?**

Yes, the money will run out and yes, the system is overwhelmed but there are already conversations in Congress about additional stimulus packages.

# PAYCHECK PROTECTION PROGRAM (PPP)

## WHAT IS THE PAYCHECK PROTECTION PROGRAM?

The Paycheck Protection Program is a [forgivable] loan designed to provide a direct incentive for small businesses, including **Colorado artists and creative businesses**, to keep their workers on the payroll. This includes sustaining personal income for sole proprietors and independent contractors.

SBA will forgive loans if all employees are kept on the payroll for eight weeks and the money is used for payroll, rent, mortgage interest, or utilities.



### Who is eligible?

- A small business with fewer than 500 employees
- A 501(c)(3) with fewer than 500 employees
- An individual who operates as a sole proprietor
- An individual who operates as an independent contractor
- An individual who is self-employed who regularly carries on any trade or business
- A Tribal business concern that meets the SBA size standard
- A 501(c)(19) Veterans Organization that meets the SBA size standard



### When should I apply?

Lenders are accepting applications from small businesses and sole proprietors. The program is first come, first served and therefore timing for Colorado artists is critical.



### Where should I apply?

Any authorized Small Business Administration lender, which includes most banks, is eligible to process applications. You may save steps if you apply to the bank where you have your current bank accounts. One option is to contact your regular bank today to find out if they are participating and who is the contact for accepting applications. If your bank is not an SBA approved lender ([you can check here](#)), reach out to the SBA - they are facilitating relationships with banks that are SBA approved lenders

## What else should I know?

### Can Credit Unions administer the Paycheck Protection Program (PPP)?

SBA has been consistently updating the available lenders/bank on their website. Reach out to banks on that website and ask if they are accepting PPP applications from customers without a prior banking relationship with them.

### How much can I qualify for and how are these loans calculated?

Loan amounts are based on previous payroll and covered cost amounts using the following calculation:

$$\left( \frac{\text{ANNUAL ELIGIBLE PAYROLL COSTS}}{12} \right) \times 2.5$$

### **Will I have to repay the PPP loan?**

Up to eight weeks of eligible expenses may be forgiven. To be eligible for loan forgiveness, you must maintain all employees throughout the eight week period. Small business owners should not include independent contractors in this equation. Instead, independent contractors should file for either unemployment or PPP on their own. If a business has already furloughed or laid off employees, they should quickly rehire after receiving loan funds.

### **What can I do with this money?**

Pay interest on mortgage obligations, rent, insurance, paid sick or medical leave, utilities, and payroll related costs incurred from Feb. 15, 2020 – June 30, 2020. 75% of this loan can be used to cover payroll and 25% can be used to cover other overhead, such as rent, mortgage payments, utilities, etc.

### **How will this money be distributed?**

For this program, your money will be delivered directly into your bank account.

### **How will the loan be forgiven?**

At the end of the two month period, you will need to return to your bank and submit documents demonstrating that you did spend the funds on payroll and overhead expenses. The bank will be able to help you with the loan forgiveness process. It is advised that loan recipients establish a separate bank account to hold and administer any PPP loan proceeds in order to clearly establish that the loan proceeds were used for a permissible purpose.

### **What do I need to apply?**

Please [see here](#) for an overview of items you should have ready for your bank. You should be gathering them today.

### **I am part of a small arts group or collective that is not formally incorporated or is fiscally sponsored, can we apply?**

Yes. You may qualify as either a sole proprietor or independent contractor. If you are fiscally sponsored, we suggest you contact your fiscal sponsor immediately to discuss options for applying to the PPP through the sponsor or independently.

### **Will I have to mortgage my home or studio to get this loan?**

No. The PPP does not contemplate the lender taking any security interests in real property.

### **I hire 1099 contractors year-round - can I apply for PPP to cover their expenses?**

No. There are no current Federal programs that provide funding to businesses to pay 1099 contractors. Independent contractors should apply to the program on their own behalf.

### **My bank is not administering the PPP loan. What do I do?**

Many banks are prioritizing current clients. [Reach out to your SBA district office](#) for support. They are working on a list of banks that are SBA approved lenders and open to taking on outside clients.

If you do not have a relationship with a lender, [Community Reinvestment Fund](#) is accepting applications for PPP loans.

### **Will the money run out?**

Yes, the money will run out and yes, the system is overwhelmed but there are already conversations in Congress about additional stimulus packages.

# PANDEMIC UNEMPLOYMENT ASSISTANCE (PUA)

## What is PUA?

Pandemic Unemployment Assistance (PUA) is a program established by the CARES Act that temporarily expands unemployment insurance eligibility to self-employed workers, freelancers, independent contractors, and part-time workers impacted by the coronavirus pandemic in 2020. Colorado's film and creative communities have experienced reduced hours, wages or lost work altogether as a result of the COVID-19 pandemic. Due to these unique circumstances, some of the requirements for filing and receiving unemployment have changed and benefits traditionally unavailable for gig and self-employed workers are now accessible.

## Pandemic Unemployment Assistance Overview

The PUA program is made up of three elements:

1. Benefits for individuals traditionally not eligible for unemployment benefits
2. Individuals who have exhausted traditional unemployment benefits
3. Individuals who cannot telework and are unable to work due to shelter-in-place measures

## Available Funding Overview

1. Funding is available retroactively dating back to the first week of February through the end of 2020
2. An additional \$600 per week is available for claims dating between March 29th and July 31st regardless of the amount of your underlying benefit
3. Traditional unemployment covers 27 weeks of benefits
4. The PUA program tacks on an additional 12 weeks of benefits (39 weeks total).



## Who is eligible to apply?

To qualify for benefits you must:

- Be unemployed or have lost paid working hours through no fault of your own
- Be able, available and actively seeking work
- Have earned \$2,500 during your base period

To apply, you must demonstrate that you are experiencing a partial income loss and/or that you are working less than full time (32 hours per week). For more information on who is eligible to apply, [visit this website](#).



## When will I be able to apply?

PUA is a federally run program orchestrated by the states. Colorado is currently working off of guidelines received in early April and expects the program to be up and running in mid-April. Announcements will be made via press release and on the [Colorado Department of Labor and Employment \(CDLE\) website](#).

## What else should I know?

### How long after I file will I start receiving my money?

Once the program is up and running, you will start receiving PUA within 7-14 days. Subsequently, you will need to file on a weekly basis and will receive funds via direct deposit a few days after each weekly filing date.

### How much money should I expect to receive?

Unemployment benefits are calculated based on income from the previous 12-month period (base period). You will also automatically receive a flat \$600 each week on top of this amount between March 27th and July 31st. You do not need to specifically apply for the additional \$600 per week.

### What if I lost a lot but not all of my income?

Applicants with partial income loss are eligible. If you are working fewer than 32 hours a week and earning less than the weekly amount that unemployment benefits pay (approximately 55 percent of your average wage over a 12-month time period), you may receive unemployment benefits. You will verify that you are only receiving part of your income through attestation when applying.

### Will these additional funds affect my Medicaid eligibility and eligibility for other benefits programs?

If by participating in PUA your income now exceeds the income threshold to qualify for other benefits programs, it may. Contact your benefits administrator for further information.

### I already applied for unemployment benefits. Do I need to reapply for PUA?

No. If you have an active application in the system it will automatically be directed to PUA if you are eligible for those benefits. The only time you would need to reapply is if you have already received communication from the UI Division that your claims has been deemed ineligible.

### If I only included W2 information when I initially applied, how do I add 1099 information once PUA opens for 1099 workers?

Let your initial claim run its course - you do not need to reapply. If you are denied regular benefits, then apply for PUA and present all of your sources of income.

### How do I determine whether I should apply for PUA or the Paycheck Protection Program (PPP)?

Sole proprietors are not able to "double-dip" or receive funds from both the PUA and the PPP. Instead, it is suggested that you use this calculator to determine which program is most beneficial for your situation. [Use this "estimator"](#) to calculate your unemployment benefits and be sure to add a flat \$600 to each week of unemployment between March 27th and July 31st. [This document](#) will help you to determine and compare what you are qualified to receive as part of the PPP program.

### What supporting documentation will I need to document losses?

1. Tax documents from 2018 and what you have prepared for 2019 to verify income (such as 1099s)
2. Paystubs from the past 12 months
3. Attest when losses started
  - Any emails or other documentation stating lost or canceled work is good to have on hand, though you will not need to upload this during the initial application.

### Can I claim for previous weeks in which I was unemployed?

Yes, you will be paid retroactively for income lost due to COVID-19. The base pay will date back to the first week of February and is available through the end of 2020. The additional \$600 per week will be dated back to March 29 and will be available through the end of July 2020.

### **Are unemployment funds taxable?**

Yes, these funds will be pre-taxed as income.

### **What about the 'able and available' and 'actively seeking work' requirements?**

1. Able and available to work takes on new meaning during a pandemic. CDLE has relaxed constraints on this as applicants may not physically be able to travel due to COVID-19 shelter-in-place orders.
2. While some industries are hiring, the current labor demand is not equal to the supply due to COVID-19. This requirement is relaxed during these unique times, however, applicants are still required to register for the [state job bank](#).

### **Once I apply for PUA, will I continue to receive a check each week?**

Applicants will be required to file every week and state that they are not able to generate income, though available they are still under a shelter-in-place order, and they have registered for the [state job bank](#).

### **What if I am both a W2 and 1099 worker?**

When you file, be prepared to document all income including both W2 and 1099 work.

### **Are furloughed workers eligible for benefits?**

Yes.

### **What about seasonal workers?**

Yes, when you apply the system will calculate your benefit based on the past 12 months of income.

### **I just received a grant, does this affect my unemployment status?**

The system will take into account any generated income, so if the grant goes towards income then yes, it will be factored into your unemployment benefit for that week.

### **What about my tips and commissions? Should these be included in my application?**

Yes, all forms of compensation or revenue should be included.

### **Can I apply for future losses?**

No, PUA is a retroactive system meaning that you can only apply for funds previously lost. You must file weekly to document loss of funds and you can apply for the previous week's losses starting on Sunday.

### **I applied through the website but I have yet to receive my PIN.**

The system is currently set up to automatically distribute PINs through the USPS, however, CDLE is shifting to electronic delivery. To ensure that you receive your PIN electronically (faster), include your email address as part of your application and opt-in for electronic communication.

Additionally, CDLE has added a button to "request a new PIN" on their website ([click and scroll down](#)). If you have yet to receive your PIN you are encouraged to utilize this function.

### **I filed online, how do I know if my application was submitted?**

If you receive a confirmation that your application was successfully submitted, you are good to go. If you did not receive this confirmation, submit again.

### **I recently graduated and had only been working for a few months before COVID-19. I am currently unemployed, can I apply?**

Yes, you are most likely eligible for the lowest benefit amount plus the \$600 flat rate. You are encouraged to apply even with a limited work history.

**What if my application is denied?**

There is an appeals process for any benefits awarded or denied.

**Will funds for this program run out?**

No, the system is backed and guaranteed. There are date limits so the program in which you are enrolled may simply end, but there will not be a limit to the number of people who can apply for PUA.

**I still have questions, where should I go?**

CDLE is working on increasing the capacity of its call center. You can call them at 303.813.2800 or 888.550.2800 (for those outside the Denver-metro area) however, you will most likely find it challenging to get through at the current time. CDLE encourages you to visit their [website](#), which will have answers to general questions.

Additionally, CDLE suggests reaching out to your local workforce center. You can find your local workforce center [here](#). These organizations are great resources and offer many virtual services.

For a quick look at COVID-19 pandemic scenarios and benefits available [click here](#).

Para informacion inmediata relacionada con el COVID-19 [opríma aquí](#).



# SBA DISASTER LOAN GUIDE

ADDITIONAL RESOURCES AND ASSISTANCE

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COVID-19 Small Business [Alternative Funding Resources List](#)

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Colorado Office of Film, Television, and Media recorded webinar ["COVID-19 Financial Support for Gig Workers & Small Businesses: How to Get Your Money"](#)

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CO SBDC COVID-19 [Small Business Response Resources](#)

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Colorado Office of Film, Television, and Media recorded webinar ["Demystifying Unemployment for 1099 and Gig Workers"](#)

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Small Business COVID-19 Disaster Response Hotline, open M-F 8AM-5PM: (303) 860-5581 \*Get answers to your questions about applying for funding

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[Colorado Creative Industries resources](#) to support the arts

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