Driving growth to every corner of Philadelphia

DISASTER FUNDING PROGRAMS

Tuesday, June 30, 2020
PROGRAM BEGINS @ 2PM
Disaster Funding Programs

WELCOME

SAM RHOADS
Executive Vice President &
Senior Vice President,
Financial Services Group

PIDC
Driving growth to every corner of Philadelphia
UPCOMING ZOOM WEBINAR
PUBLIC HEALTH BUSINESS STRATEGIES FOR “REOPENING WITH CARE”

Tuesday, July 7
10:00 AM – 11:30 AM

With Philadelphia transitioning from the yellow phase to the green phase of this health crisis, are you prepared to welcome back your employees and customers?

Register Here: www.pidcphila.com/events
AGENDA

1. PIDC ReStart PHL Loan Fund
2. COVID-19 Relief PA Statewide Small Business Assistance
3. SBA – Paycheck Protection Program
4. SBA – Economic Injury Disaster Loan Program
What is the program?

- PIDC loan program for small for-profit businesses that have been economically impacted by COVID-19.
- Designed for small businesses that were healthy prior to COVID-19 and now require capital to support post-COVID resilience or growth.
- Loans between $25,000 - $250,000 subject to impact scoring.
PIDC ReStart PHL Loan Fund

Who is eligible?

• For-profit businesses based in Philadelphia that have been historically disadvantaged based on geography or ownership with focus on minority, women, and immigrant-owned businesses on commercial corridors in low-income areas.
• Businesses that applied to the City/PIDC Relief Fund.
• Businesses that applied to the PA CWCA Fund.
PIDC ReStart PHL Loan Fund

What are eligible uses?

- Working capital
- Inventory
- Mobilization
- Fit-Up
- Technology
- Re-hiring and employee training
What are the loan terms?

- Zero % interest rate
- Up to 5-years repayment period
- Ten (10) year amortization schedule with balloon payment at loan maturity
- Monthly principal payments
- No pre-payment penalty
PIDC ReStart PHL Loan Fund

What are the collateral requirements?

• Personal guarantees for owners with more than 20% ownership
• Blanket lien on business assets (may be subordinated)
• Senior UCC lien on equipment purchased with loan proceeds
• Mortgage lien (as available)
What documents do I need to apply?

- Federal Tax Returns 2018 and 2019 business
- Federal Tax Returns 2018 and 2019 personal
- Personal Financial Statement
- Project Budget
- Tax clearance certification for City of Philadelphia
When may I apply?

• Application period has not yet been announced.

• For updates, please check the PIDC website at:

www.pidcphila.com/restart-phl-loan-fund
COVID-19 Relief PA Statewide Small Business Assistance

JIM BURNETT
Executive Director

West Philadelphia Financial Services Institution (WPFSI)

Driving growth to every corner of Philadelphia
COVID-19 Relief PA Statewide Small Business Assistance

What is the program?

- Statewide grants of $5,000 to $50,000 for small for-profit businesses that have been negatively affected by COVID-19 pandemic and related statewide business closure.

- Total fund is $225M with $100M designated for Small Business Revitalization Program and $100M designed for Historically Disadvantaged Small Businesses.
COVID-19 Relief PA Statewide Small Business Assistance

What is the source of funds?

Funds are provided through the U.S. Treasury, CARES Act and administered by the Commonwealth of Pennsylvania Department of Community and Economic Development.

Driving growth to every corner of Philadelphia
Who is eligible?

• For-profit businesses based in Pennsylvania
• Companies with gross annual revenue of $1 million or less (prior to March 1, 2020)
• Companies with 25 or fewer full-time employees (FTEs).
• Companies that were in business prior to February 15, 2020
• Companies that are currently operating or have clear plan to re-open once the Commonwealth permits re-opening.
COVID-19 Relief PA Statewide
Small Business Assistance

Is there a priority of eligible businesses?

• Owned and operated by low-to-moderate income people

• Located in areas below median income level, high levels of poverty, higher than average unemployment rates, or significant population loss.

• Industries most impacted by shut-down with greatest revenue losses
### COVID-19 Relief PA Statewide
Small Business Assistance

#### How are grant amounts determined?

<table>
<thead>
<tr>
<th>ELIGIBLE BUSINESSES (Annual Revenue)</th>
<th>AMOUNT AVAILABLE Per Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro Business Grant Up to $50,000</td>
<td>$5,000 Grant</td>
</tr>
<tr>
<td>Micro Business Grant $50,001 – $75,000</td>
<td>$10,000 Grant</td>
</tr>
<tr>
<td>Micro Business Grant $75,001 – $100,000</td>
<td>$15,000 Grant</td>
</tr>
<tr>
<td>Small Business Grant $100,001 – $250,000</td>
<td>$20,000 Grant</td>
</tr>
<tr>
<td>Small Business Grant $250,001 – $500,000</td>
<td>$25,000 Grant</td>
</tr>
<tr>
<td>Small Business Grant $500,001 – $750,000</td>
<td>$35,000 Grant</td>
</tr>
<tr>
<td>Small Business Grant $750,001 – $850,000</td>
<td>$40,000 Grant</td>
</tr>
<tr>
<td>Small Business Grant $850,001 – $1,000,000</td>
<td>$50,000 Grant</td>
</tr>
</tbody>
</table>
What are eligible uses? 

• Payroll costs, rent, utilities, mortgage interest payments
• Working capital for re-opening business
• Expenses related to COVID-19 mandates (i.e., PPE, specialized equipment, barriers, employee training, etc.)
• Other COVID-related expenses not covered by other disaster funds (i.e., PPP, EIDL, loans and grants)
COVID-19 Relief PA Statewide Small Business Assistance

When may I apply? Today!

• Round 1 of applications will be accepted from June 30 – July 14 at 11:59 PM.

• Multiple rounds of funding every 30 days.

• Only one application is needed to apply for all rounds.
COVID-19 Relief PA Statewide Small Business Assistance

What documents do I need to apply?

1. **Business Financial Information:**
   - Federal Tax Return 2018 or 2019 business
   - Schedule C of Personal Tax Returns
   - Internal P&L for businesses that started between 01/01/2020 & 02/15/2020
   - Revenue from 03/01 to 05/31 for 2019 and 2020

2. **Proof of Business Registration** with PA Department of State

3. **Bank Information**

4. **Government issued Photo ID** (Passport or Driver’s License)

5. **Evidence of Payment for Current State Taxes**
COVID-19 Relief PA Statewide
Small Business Assistance

Where may I apply?

- Any of 17 CDFIs statewide with twelve (12) located in Philadelphia
- Website: www.pabusinessgrant.com
- All applications are received in one central location
- Apply through PIDC at http://pidcphila.com/pabusinessgrants
- Apply through WPFSI at https://wpfsi.com/pa-covid-19-statewide-grant-program/
PA CDFI Network

Driving growth to every corner of Philadelphia
QUESTIONS?
SBA - Update on PPP & Economic Injury Disaster Loan

SONIA R. SMITH
Public Information Officer

KIMBERLY STOUT
Economic Development & Lender Specialist

Driving growth to every corner of Philadelphia
Financial Relief For Small Business Owners: The Road Map

WEBINAR

U.S. Small Business Administration
Our Mission

The U.S. Small Business Administration makes the American dream of business ownership a reality. As the only go-to resource and voice for small businesses backed by the strength of the federal government, the SBA empowers entrepreneurs and small business owners with the resources and support they need to start, grow or expand their businesses, or recover from a declared disaster. It delivers services through an extensive network of SBA field offices and partnerships with public and private organizations.

Information continues to be updated on the CARES Act.

This information is current as of June 17, 2020.

Please check SBA.gov/coronavirus for the most up-to-date information.
SBA’s March 17 Disaster Declaration Makes Loans Available Due to the Coronavirus (COVID-19)

- 1-year deferment of payments on Economic Injury Disaster Loans provided due to COVID-19
- Automatic deferment of previous disaster loans for homeowners, renters, and businesses through Dec. 31, 2020
- Monthly payments made by SBA on 7(a), 504 and SBA Microloans in regular servicing status through Sept. 27, 2020
- Six monthly payments made by SBA on new 7(a), 504 and SBA Microloans funded through Sept. 27, 2020
- Emergency Capital Programs:
  - Economic Injury Disaster Loans
  - Paycheck Protection Program
What businesses are eligible to apply?

SBA’s Economic Injury Disaster Loans (working capital loans) are available to:

- Small businesses, including small agricultural and aquaculture businesses
- Most private non-profit organizations, faith-based organizations, and houses of worship
- Sole Proprietors and Independent Contractors
- Owners of rental property
Economic Injury Disaster
Loans and Grants

How much can I borrow?
Eligible entities may qualify for loans up to $2 million.

The interest rates for this disaster are:
- 3.75% for small businesses
- 2.75% for nonprofit organizations

The loan term is 30 years and there is no penalty for pre-payment.
Economic Injury Disaster Loans and Grants

How can I use the loan funds?
These EIDL (working capital) loans may be used to pay fixed debts, payroll, accounts payable, and other bills that could have been paid had the disaster not occurred.

These loans are not intended to replace lost sales or profits or for expansion.
What is the EIDL Advance?
- Applicants may request to be considered for an advance of up to $10,000.
- The amount of the Advance will be determined by the number of the small business’ pre-disaster (i.e., as of January 31, 2020) employees. The Advance will provide $1,000 per employee up to a maximum of $10,000.

How do you request the EIDL Advance?
Submit the new streamlined application, even if you have already submitted a Disaster Loan application.

Who is eligible for the EIDL Advance?
Any entity that is eligible to apply for a COVID-19 Economic Injury Disaster Loan.

How can I use the EIDL Advance?
The advance may be used to pay fixed debts, payroll, accounts payable, and other bills that could have been paid had the disaster not occurred.

- It is not intended to replace lost sales or profits or for expansion.
- There is no requirement to repay the advance even if your SBA Disaster Loan application is declined.
SBA’s EIDL Working Capital Loans Are Different From Other SBA Loans

SBA’s Economic Injury Disaster Loan (EIDLs) funds come directly from the U.S. Treasury.

Applicants do not go through a bank to apply. Instead apply directly to SBA’s Disaster Assistance Program at: https://covid19relief.sba.gov/#/

- There is no obligation to take the loan if offered.

- Collateral is required for loans over $25,000. There is no real estate collateral required. A blanket UCC-1 will be filed against all of the business collateral

- Personal guarantees are required for loans greater than $200,000

- Applicants can have an existing SBA Disaster Loan and still qualify for an EIDL for this disaster, but the loans cannot be consolidated
Ineligible Entities

What are some of the businesses that are ineligible for an Economic Injury Disaster Loan?

- Businesses involved in an illegal activity on the federal level (marijuana).
- Businesses that derive more than 1/3 of their annual gross revenue from legal gambling activities.
- Passive businesses owned by developers.
- Private clubs and businesses that limit the number of memberships for reasons other than capacity.
- Businesses of a prurient sexual nature.
- Speculative Businesses.
How to Apply

- Applicants visit SBA's secure website at https://covid19relief.sba.gov/#/

- Applicants without internet access can call SBA's Customer Service Center at 800-659-2955 (800-877-8339 for the deaf and hard-of-hearing)

- Submit inquiries by sending an email to disastercustomerservice@sba.gov.

- Correspondence can be mailed to:
  U.S. Small Business Administration
  Processing and Disbursement Center
  14925 Kingsport Road
  Fort Worth, TX  76155
Assistance From SBA Partners

Free assistance with reconstructing financial records, preparing financial statements, and submitting the loan application is available from any of SBA’s partners:

- Small Business Development Centers (SBDCs)
- SCORE Chapters
- Women's Business Centers (WBC)
- Veteran's Business Outreach Centers

Locate Partner: https://www.sba.gov/local-assistance

Locate an SBDC: https://americassbdc.org

Locate a SCORE Chapter: https://www.score.org/
STREAMLINED PROCESS REQUIREMENTS

SBA is collecting the requested information in order to make a loan under SBA’s Economic Injury Disaster Loan Program to the qualified entities listed in this application that are impacted by the Coronavirus (COVID-19). The information will be used in determining whether the applicant is eligible for an economic injury loan. If you do not submit all the information requested, your loan cannot be fully processed.

The Applicant understands that the SBA is relying upon the self-certifications contained in this application to verify that the Applicant is an eligible entity to receive the advance, and that the Applicant is providing this self-certification under penalty of perjury pursuant to 28 U.S.C. 1746 for verification purposes.

The estimated time for completing this entire application is two hours and ten minutes, although you may not need to complete all parts. You are not required to respond to this collection of information unless it displays a currently valid OMB approval number.
ELIGIBLE ENTITY VERIFICATION

Choose One:

- Applicant is a business with not more than 500 employees.
- Applicant is an individual who operates under a sole proprietorship, with or without employees, or as an independent contractor.
- Applicant is a cooperative with not more than 500 employees.
- Applicant is an Employee Stock Ownership Plan (ESOP), as defined in 15 U.S.C. 632, with not more than 500 employees.
- Applicant is a tribal small business concern, as described in 15 U.S.C. 657a(b)(2)(C), with not more than 500 employees.
- Applicant is a business, including an agricultural cooperative, aquaculture enterprise, nursery, or producer cooperative, that is small under SBA Size Standards found at https://www.sba.gov/size-standards.
- Applicant is a business with more than 500 employees that is small under SBA Size Standards found at https://www.sba.gov/size-standards.
- Applicant is a private non-profit organization that is a non-governmental agency or entity that currently has an effective ruling letter from the IRS granting tax exemption under sections 501(c),(d), or (e) of the Internal Revenue Code of 1954, or satisfactory evidence from the State that the non-revenue producing organization or entity is a non-profit one organized or doing business under State law, or a faith-based organization.
SBA Economic Injury Disaster Loan (EIDL) 7b

Step 1– Disclosures

3. Review and check ALL boxes to verify eligibility and Click Continue. All sidebars must be green to continue.

Review and Check All of the Following:
Applicant must review and check all the following (If Applicant is unable to check all of the following, Applicant is not an Eligible Entity):

- Applicant is not engaged in any illegal activity (as defined by Federal guidelines).
- No principal of the Applicant with a 50 percent or greater ownership interest is more than sixty (60) days delinquent on child support obligations.
- Applicant is not an agricultural enterprise (e.g., farm), other than an aquaculture enterprise, agricultural cooperative, or nursery.
- Applicant does not present live performances of a prurient sexual nature or derive directly or indirectly more than de minimis gross revenue through the sale of products or services, or the presentation of any depictions or displays, of a prurient sexual nature.
- Applicant does not derive more than one-third of gross annual revenue from legal gambling activities.
- Applicant is not in the business of lobbying.
- Applicant cannot be a state, local, or municipal government entity and cannot be a member of Congress.

If you have questions about this application or problems providing the required information, please contact our Customer Service Center at 1-800-659-2955 or (TTY: 1-800-877-8339) DisasterCustomerService@sba.gov.

Continue
## COVID-19 ECONOMIC INJURY DISASTER LOAN APPLICATION

### Step 1 of 3

**Business Information**

<table>
<thead>
<tr>
<th>Field</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Legal Name (*)</td>
<td>Test Covid business LLC</td>
</tr>
<tr>
<td>Trade Name (*)</td>
<td>None</td>
</tr>
<tr>
<td>EIN/SSN for Sole Proprietorship (*)</td>
<td>12-3456789</td>
</tr>
<tr>
<td>Organization Type (*)</td>
<td>Limited Liability Company</td>
</tr>
<tr>
<td>Is the Applicant a Non-Profit Organization?</td>
<td>Yes</td>
</tr>
<tr>
<td>Question</td>
<td>Answer</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
<td>--------</td>
</tr>
<tr>
<td>Is the Applicant a Franchise? *</td>
<td>No</td>
</tr>
<tr>
<td>Gross Revenues for the Twelve (12) Month Prior to the Date of the Disaster (January 31, 2020) *</td>
<td>$500,000</td>
</tr>
<tr>
<td>Cost of Goods Sold for the Twelve (12) Month Prior to the Date of the Disaster (January 31, 2020) *</td>
<td>$200,000</td>
</tr>
<tr>
<td>Rental Properties (Residential and Commercial) Only - Lost Rents Due to the Disaster</td>
<td></td>
</tr>
<tr>
<td>Non-Profit Cost of Operation for the Twelve (12) Month Prior to the Date of the Disaster (January 31, 2020)</td>
<td></td>
</tr>
<tr>
<td>Combined Annual Operating Expenses for the Twelve (12) Months Prior to the Date of the Disaster (January 31, 2020) for All Secular Social Services Provided by the Faith Based Entity</td>
<td></td>
</tr>
<tr>
<td>List the Secular Social Services Provided by the Faith Based Entity</td>
<td></td>
</tr>
<tr>
<td>Compensation From Other Sources Received as a Result of the Disaster</td>
<td>$0</td>
</tr>
</tbody>
</table>
Provide Brief Description of Other Compensation Sources

Primary Business Address (Cannot be P.O. Box) *
123 Fake St.

City *
Buffalo

State *
New York

County

Zip *
14202

Business Phone *
(716) 843-4101

Alternative Business Phone

Business Fax
Business Email
TestCovidbusinessLLC@LLC.COM

Date Business Established
02/01/1990

Current Ownership Since
02/01/1990

Business Activity
Miscellaneous Services

Detailed Business Activity
None of the below

Number of Employees (As of January 31, 2020)
20
Disaster Loan Assistance
Federal Disaster Loans for Businesses, Private Non-profits, Homeowners and Renters

COVID-19 ECONOMIC INJURY DISASTER LOAN APPLICATION

Step 2 of 3
Business Owners Information

Is Your Business Owned by a Business Entity?

Yes
No
# Individual Owner/Agent(s)

<table>
<thead>
<tr>
<th>Owner/Agent 1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>First Name</strong> *</td>
</tr>
<tr>
<td>John</td>
</tr>
<tr>
<td><strong>Last Name</strong> *</td>
</tr>
<tr>
<td>Smith</td>
</tr>
<tr>
<td><strong>Mobile Phone</strong> *</td>
</tr>
<tr>
<td>(718)-843-4101</td>
</tr>
<tr>
<td><strong>Title / Office</strong> *</td>
</tr>
<tr>
<td>Owner</td>
</tr>
<tr>
<td><strong>Ownership Percent</strong> *</td>
</tr>
<tr>
<td>100</td>
</tr>
<tr>
<td><strong>Email</strong> *</td>
</tr>
<tr>
<td><a href="mailto:johnsmith@llc.com">johnsmith@llc.com</a></td>
</tr>
<tr>
<td><strong>SSN</strong> *</td>
</tr>
<tr>
<td>987-25-1234</td>
</tr>
<tr>
<td><strong>Birth Date</strong> *</td>
</tr>
<tr>
<td>02/01/1975</td>
</tr>
</tbody>
</table>
Step 3 of 3
Additional Information

In the past year, has the business or a listed owner been convicted of a criminal offense committed during and in connection with a riot or civil disorder or other declared disaster, or ever been engaged in the production or distribution of any product or service that has been determined to be obscene by a court of competent jurisdiction?

Is the applicant or any listed owner currently suspended or debarred from contracting with the Federal government or receiving Federal grants or loans?

a. Are you presently subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction?

b. Have you been arrested in the past six months for any criminal offense?

c. For any criminal offense - other than a minor vehicle violation - have you ever been convicted, plead guilty, plead nolo contendere, been placed on pretrial diversion, or been placed on any form of parole or probation (including probation before judgment)?
If anyone assisted you in completing this application, whether you pay a fee for this service or not, that person must enter their information below.

Individual Name:

Name of Company:

Phone Number:

Street Address, City, State, Zip:

Fee Charged or Agreed Upon:

I give permission for SBA to discuss any portion of this application with the representative listed above.

☑️ I would like to be considered for an advance of up to $10,000.
SBA Economic Injury Disaster Loan (EIDL) 7b

Where to Send Funds

Bank Name:

Key Bank

Account Number:

123456789

Routing Number:

123456789

On behalf of the individual owners identified in this application and for the business applying for the loan:

I/We authorize my/our insurance company, banks, financial institutions, or other creditors to release to SBA all records and information necessary to process this application and for the SBA to obtain credit information about the individuals completing this application.

If my/our loan is approved, additional information may be required prior to loan closing. I/We will be advised in writing what information will be required to obtain my/our loan funds. I/We hereby authorize the SBA to verify my/our past and present employment information and salary history as needed to process and service a disaster loan. I/We authorize SBA, as required by the Privacy Act, to release any information collected in connection with this application to Federal, state, local, tribal or nonprofit organizations (e.g., Red Cross, Salvation Army, Mennonite Disaster Services, SBA Resource Partners) for the purpose of assisting me with my/our SBA application, evaluating eligibility for additional assistance, or notifying me of the availability of such assistance.

I/We will not exclude from participating in or deny the benefits of, or otherwise subject to discrimination under any program or activity for which I/we receive Federal financial assistance from SBA, any person on grounds of age, color, handicap, marital status, national origin, race, religion, or sex.

I/We will report to the SBA Office of the Inspector General, Washington, DC 20416, any Federal employee who offers, in return for compensation of any kind, to help get this loan approved. (We have not paid anyone connected with the Federal government for help in getting this loan.)

CERTIFICATION AS TO TRUTHFUL INFORMATION: By signing this application, you certify that all information in your application and submitted with your application is true and correct to the best of your knowledge, and that you will submit truthful information in the future.

WARNING: Whoever wrongfully misapplies the proceeds of an SBA disaster loan shall be civilly liable to the Administrator in an amount equal to one-and-one half times the original principal amount of the loan under 15 U.S.C. 688(e). In addition, any false statement or misrepresentation to SBA may result in criminal, civil or administrative sanctions including, but not limited to: 1) fines and imprisonment, or both, under 15 U.S.C. 445, 18 U.S.C. 1001, 18 U.S.C. 1014, 18 U.S.C. 1040, 18 U.S.C. 3571, and any other applicable laws; 2) treble damages and civil penalties under the False Claims Act, 31 U.S.C. 3729; 3) double damages and civil penalties under the Program Fraud Civil Remedies Act, 21 U.S.C. 3802; and 4) suspension and/or debarment from all Federal procurement and non-procurement transactions. Statutory fines may increase if amended by the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015.

I hereby certify UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE UNITED STATES that the above is true and correct.

Click for additional statements required by laws and executive orders.
Summary of the Application
<table>
<thead>
<tr>
<th>Field</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Street Address</td>
<td>123 Nowhere st</td>
</tr>
<tr>
<td>City</td>
<td>Buffalo</td>
</tr>
<tr>
<td>State</td>
<td>North Carolina</td>
</tr>
<tr>
<td>Zip</td>
<td>14120</td>
</tr>
</tbody>
</table>

**Additional Information**

- In the past year, has the business or a listed owner been convicted of a criminal offense committed during and in connection with a riot or civil disorder or other declared disaster, or ever been enjoined in the production or distribution of any product or service that has been determined to be obscene by a court of competent jurisdiction? **No**
- Is the applicant or any listed owner currently suspended or debarred from contracting with the Federal government or receiving Federal grants or loans? **No**
- a. Are you presently subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction? b. Have you been arrested in the past six months for any criminal offense? c. For any criminal offense - other than a minor traffic violation - have you ever been convicted, plead guilty, pleaded no contest, been placed on pretrial diversion, or been placed on any form of parole or probation (including probation before judgment)? **No**

**Individual Name**

**Name of Company**

**Phone Number**

**Street Address, City, State, Zip**

**Fee Charged or Agreed Upon**

I give permission for SBA to discuss any portion of this application with the representative listed above.

- I'm not a robot

**Submit**
What is the Paycheck Protection Program?
- A loan offered through participating lenders
- Find a lender at www.sba.gov/paycheckprotection/find
- Designed to provide a direct incentive for small businesses to keep their workers on their payroll

What can the funds be used for?
- Pay up to 8 weeks of payroll costs, including benefits.
- Funds can also be used to pay interest on mortgages, rent, and utilities.
- Borrower has up to 24 weeks to expend the funds
- The maximum loan amount calculation is the business 2019 average monthly payroll x 2.5

Who is eligible to apply for the PPP?
- Small businesses with 500* or fewer employees
- 501-C(3) non-profits, 501 C(19) veterans' organizations, faith-based organizations, and houses of worship
- Sole proprietorships and self-employed persons
- Independent contractors
- Legal gaming enterprises
- Agricultural enterprises
Paycheck Protection Program Loan
Payroll Costs

What counts as payroll costs?

- Salary, wages, commissions, or tips
- Employee benefits including costs for:
  - Vacation, parental, family, medical, or sick leave
  - Allowance for separation or dismissal
  - Payments required for the provision of group health care benefits including insurance premiums
  - Payment of any retirement benefit

What counts as payroll costs for sole props & independent contractors?

- Wages, commissions, income, or net earnings from self-employment
How will the PPP Loan be forgiven?

- Fully forgiven when at least 60% of the funds are used for payroll
- Forgiveness is based on the employer maintaining or quickly rehiring employees and maintaining salary levels
- If a borrower uses less than 60% for payroll, the borrower remains eligible for partial loan forgiveness

What are some of the businesses ineligible to apply for the PPP?

- Businesses involved in an illegal activity on the federal level (marijuana).
- Household employers (those who employ nannies or housekeepers)
- Applicants or owners that are debtors in bankruptcy
- Businesses with adequate sources of liquidity
- Hedge Funds and Private Equity firms
Borrower will owe money when loan is due if:

- Borrower uses loan amount for anything other than payroll costs, mortgage interest, rent, and utility payments over the 24 weeks after receiving the loan
- Borrower uses less than 60% of loan amount for payroll costs
- Borrower maintains staff and payroll at less than Feb. 15, 2020 levels

To qualify for loan forgiveness:

- FTE headcount must be maintained
- Salaries and wages must be maintained
- Borrower has until December 31, 2020 to restore full-time employment and salary to February 15, 2020 levels
Paycheck Protection Program Loan Program

PPP Loan Terms

- Maximum loan amount is $10 million
- Interest rate is 1%
- First payment deferred
  - to the date that SBA remits the forgiveness amount to the borrower’s lender
  - OR, 10 months after the end of the borrower’s loan forgiveness covered period if the borrower does not apply for loan forgiveness
- Loan maturity
  - 2 years if loan approved before June 5
  - 5 years if loan approved after June 5
- No collateral requirements
- No personal guarantees required
- No borrower or lender fees payable to SBA
- Program available through June 30, 2020
Paycheck Protection Program
Safe Harbor Provisions

Safe Harbor Provisions for loan forgiveness:
• Reductions in FTE employees for borrowers who are unable to return to the same level of business at which they were operating before February 15, 2020, due to compliance with COVID-19 requirements or guidance issued between March 1 and December 31, 2020 by HHS, CDC, or OSHA.
• Reductions in FTE employees for borrowers unable to rehire employees or hire similarly qualified employees for unfilled positions by December 31, 2020.

Simplified Process
• Options to calculate payroll costs using an “alternative payroll covered period” that aligns with the borrower’s regular payroll cycle
• Flexibility to include eligible expenses “paid” or “incurred” during the 24-week period after receiving the PPP loan
Paycheck Protection Program Loan Forgiveness Process

What is the forgiveness process?

• The borrower completes and submits
  • The Loan Forgiveness Application, (SBA Form 3508, 3508EZ, or lender equivalent) to its lender (or the lender servicing its loan)
  • Schedule A
  • Documentation of payroll costs, non-payroll costs, and FTE’s.

• The lender reviews the application and makes a decision regarding loan forgiveness.

• The lender has 60 days from receipt of a complete application to issue a decision to SBA.

• SBA has 90 days for its review.

• The lender notifies the borrower of the forgiveness amount.

• If only a portion of the loan is forgiven, or if the forgiveness request is denied, any remaining balance due on the loan must be repaid by the borrower on the loan terms.
Use the EZ Application if:
- Borrower is self-employed, independent contractor, or sole prop who had no employees at the time of the PPP application and did not include any employee salaries in the computation of average monthly payroll in the PPP Application

Use the EZ Application if:
- Borrower did not reduce annual salary/wages of any employee more than 25% during the Covered Period as compared to the period of January 1 – March 31, 2020 \textbf{AND}
- Borrower did not reduce the number of employees or the average paid hours of employees between January 1, 2020 and the end of the Covered Period (except for Safe Harbor provision on rehiring)

Use the EZ Application if:
- Borrower did not reduce salary/wages of any employee more than 25% during the Covered Period as compared to the period of January 1 – March 31, 2020 \textbf{AND}
- Borrower was unable to operate during the Covered Period (Safe Harbor provision compliance with COVID-19 requirements or guidance issued between March 1 and December 31, 2020 by HHS, CDC, or OSHA)
Questions

For more information on SBA’s emergency capital programs visit:

www.sba.gov/coronavirus
Thank You
For Your Time