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Comments on Content

What about the information contain here?

- Most up to date information that we know, compiled by SBA and the US Treasury Dept.
- The US Treasury is actually still working on exactly how to roll out a lot of stimulus.
- Therefore, SBA guidelines and application processes have changed, banks are overloaded and still working on their loan process.
- EIDL apps filed before Mar 30th, you should reapply... More to follow
- That said, SBDC has no control over federal changes or revisions to the CARES Act.
- SBDCs are funded by the SBA and hosted by local municipalities, colleges, etc.
- We're doing our best to help clients in creating economic impact during this time of need.
- We will use this platform to continually update our communities as best we can.

Economic Injury Disaster Loan Program

Small Business Paycheck Protection Program

Information compiled by SBA and the US Treasury Dept

SBA Funding Update

More information to follow

- As of April 16th, both the EIDL loan portal and the PPP program were shut down. Both loans are now closed.
- Based on press release, the SBA is still processing current EIDL applications in their system but the PPP applications for each lender will be placed on hold.
- So over the next few days we will relay most updated information. We are sure this is a temporary pause while our legislators work on adding additional funds to both programs.
- Proposed is to add an additional 250 Billion to PPP/EIDL and potential work on a new 2.3 Trillion assistance (tbd)

Key Pieces to a Strategic Plan

Eight topics to familiarize yourself with when putting together a strategic plan

- Stimulus Checks
- Economic Injury Disaster Loans (EIDL)
 - Paycheck Protection Program (PPP)
 - SBA Loan Forbearance
- Increased Access to Retirement Accounts
 - Unemployment
 - Paid Sick Leave
- Family Medical Leave (FMLA)

1. Stimulus Checks

Do I Qualify?

The majority of Americans, including you the small-business owner, will be getting one

- The payments will be \$1,200 for individuals, \$2,400 for married couples, and for an extra \$500 for each child younger than 18.
- Single individuals: capped at \$99,000 (starts phasing out at \$75,000).
- Married couples: capped at \$198,000 (starts phasing out at \$150,000).

2. Economic Injury Disaster Loans (EIDLs)

Do I Qualify?

**Some may want to run straight to the PPP,
in which loans can be forgiven... Don't!**

- Reason is you can also obtain the EIDL loan and use it for a different purpose for several reasons.
- First, you can apply online immediately without talking with a banker, and...
- Second, you can receive up to \$10,000 advance quickly and also get this amount forgiven.

2. Economic Injury Disaster Loans (EIDLs)

What is it?

- Low-interest loan for working capital to businesses suffering economic injury as a result of COVID-19
- Max loan size up to \$2 Million*
- Pay for financial obligations and operating expenses which could have paid had the disaster not occurred
 - Includes: Fixed expenses, rent, payroll, accounts payable, extraordinary expenses incurred due to disaster
 - Does not include: refinancing long-term debt
- Disaster loan provided directly by SBA
- This is not a 7(a) loan – does not have same criteria as 7(a)

The Details

- Credit Requirements
 - Credit history
 - Repayment ability
 - Collateral
- Collateral
 - Loans under \$25,000 – no collateral (tbd)
 - Loans over \$25,000* – pledge collateral (loan amounts are changing)
 - SBA will not decline a loan for lack of collateral
- Interest Rates
 - Small businesses 3.75%
 - Non-profits 2.75%
- Loan Term – now 30 years.

Eligibility

Who is eligible to apply for EIDL?

- Small Businesses – meet SBA size standards
 - Private Non-profits
 - Located in a declared area
 - Independently owned and operated

What businesses are not eligible for EIDL?

- Businesses engaged in any illegal activity (as defined by Federal guidelines).
- Applicant with a 50 percent or greater ownership interest is more than sixty (60) days delinquent on child support obligations.
- An agricultural enterprise (e.g., farm), other than an aquaculture enterprise, agricultural cooperative, or nursery.

more...

Ineligible Businesses

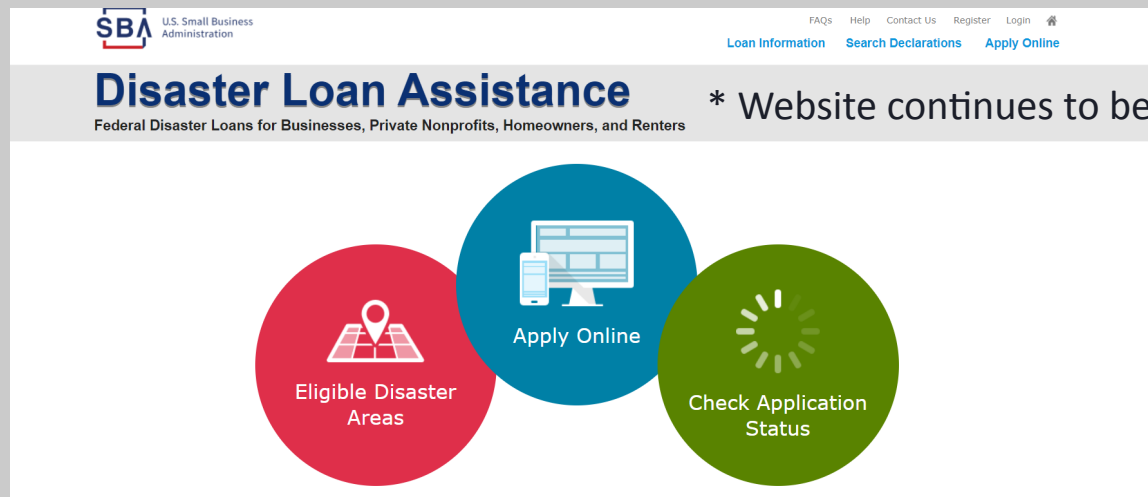
What businesses are not eligible for EIDL?

- Businesses that derive more than one-third of gross annual revenue from legal gambling activities
 - Business lobbyist
 - Lenders
- Pawn shops or speculative businesses
 - Real estate developers
 - Religious organizations
- Government-owned entities or member of Congress
- Concerns engaged in sale of products/services of prurient sexual nature

The Application Process

Apply online <https://covid19relief.sba.gov>

- Complete application and upload required documents
- SBA processes the application (no official answer on time span)
 - Loan closed –SBA will send borrower loan docs
 - Funds disbursed (5 or more days)
 - Repayment can be deferred: 11 months



* Website continues to be revised

Documentation

What does a business need to submit?

The new portal includes a simplified application process:

Loan application, completed and signed (this is electronic/online in the portal). Other forms that will likely be requested...

1. Tax Information Authorization (IRS Form 4506-T), signed by each applicant/principal owning 20% or more/each general partner or managing member
 2. Personal Financial Statement from applicant/principal owning 20% or more/each general partner or managing member
 3. Schedule of Liabilities listing all fixed debts
- *Check box: “up to” **\$10,000 advance** with bank routing/account info
 - Case worker: Additional information upon request

When in doubt, apply!

3. Paycheck Protection Program (PPP)

Do I Qualify?

This loan is truly historic

- An opportunity for a small-business owner to get a loan to help cover payroll costs (and a few other costs as well),
 - Potential: having the funds completely forgiven.
- Takeaway: Determine if the PPP works for you, do so by calculating average payroll total.
- If it looks like the program could work, first contact your bank / a participating SBA qualified lender.
 - Then, get your application in as soon as possible.

Paycheck Protection Program

More information

Small businesses, Independent contractors receiving 1099-MISC forms and self employed individuals are eligible to apply for these potentially 100% forgivable loans.

Requirements: In operation on Feb 15, 2020, your business harmed by the COVID-19, and submit the required documentation with your loan application.

Loan Details / Forgiveness: Maximum loan size is up to 2.5 times your average monthly 1099-MISC or net self-employment income for the past 12 months.

Paycheck Protection Program

How does it work?

Loan amounts will be forgiven as long as:

- Loan proceeds used to cover payroll costs, and most mortgage interest, rent, and utility costs over the 8 week period after the loan is made; and,
- Employee and compensation levels are maintained. Payroll costs are capped at \$100,000 on annualized basis/each employee.
- Loan payments will be deferred for 6 months.
- Apply when available again – through existing SBA lenders.

Paycheck Protection Program

Where can I apply?

Apply through an existing SBA lender or through any federally insured depository institution, credit union, etc that is participating.

Funding Circle: fundingcircle.com

Lendistry: lendistry.com

Smart Biz Loans: smartbizloans.com

United Business Bank

PayPal

Ondeck

Intuit

Square

Kabbage: kabbage.com/

Divvy: getdivvy.com/

Fountain Head: fountainheadcc.com

Lendio: lendio.com/

Note: Check for any additional fees/guidelines associated with alternative lenders.

Paycheck Protection Program

How can apply and what do I need to apply?

- All businesses – including nonprofits, sole props, self-employed individuals, and independent contractors – with 500 or fewer employees.
- Complete the PPP loan application and submit the application with required documentation to an approved lender by June 30, 2020.

What other documents will I need to include in my application?

- You will need to provide your lender with payroll documentation.

Paycheck Protection Program

Do I need to first look for other funds before applying?

- No. SBA is waiving the usual requirement that you try to obtain some or all of the loan funds from other sources.

How long will this program last?

- Although the program is open until June 30, 2020, we encourage you to apply quickly when you can.

How many loans can I take out under this program?

- Only one.

Paycheck Protection Program

What can I use these loans for?

You should use the proceeds from these loans on your:

- Payroll costs, including benefits;
- Interest on mortgage obligations, incurred before February 15, 2020;
- Rent, under lease agreements in force before February 15, 2020; and
- Utilities, for which service began before February 15, 2020.

Paycheck Protection Program

What counts as payroll costs?

- Salary, wages, commissions, or tips (capped at \$100,000 – annualized basis / each employee);
- Employee benefits includes costs for vacation, parental, family, medical, or sick leave; allowance for separation or dismissal; payments of group health care benefits including insurance premiums; and payment of any retirement benefit.
- State and local taxes assessed on compensation; and
- For a sole props or independent contractors: wages, commissions, income, or net earnings from self-employment, capped at \$100,000 – annualized basis/employee.

Paycheck Protection Program

How much of my loan will be forgiven?

Not more than 25% of the forgiven amount may be for non-payroll costs

- You will also owe money if you do not maintain your staff and payroll:
- Number of Staff: Loan forgiveness will be reduced if you decrease your full-time employee headcount.
- Level of Payroll: Loan forgiveness will also be reduced if you decrease salaries and wages by more than 25% for any employee that made less than \$100,000 annualized/2019.
- Re-Hiring: You have until June 30, 2020 to restore your full-time employment and salary levels for any changes made between February 15, 2020 and April 26, 2020.

Note: Amounts forgiven are considered canceled indebtedness under Section 7(a) of the Small Business Act and are not includible in gross taxable income of the borrower.

The SBA will remit the forgiven amount plus accrued interest to the lender within 90 days of the date of forgiveness.

Paycheck Protection Program

How can I request loan forgiveness?

- Submit a request to the lender servicing the loan. Include documents that verify the number of full-time equivalent employees and pay rates, payments on eligible mortgage, lease, and utility obligations.
- You must certify that documents are true – to keep employees, make eligible mortgage interest, rent, and utility payments. Lender must make decision on forgiveness within 60 days.

What is my interest rate? 1.00% fixed rate. (at this point in time)

When do I need to start paying interest on my loan?

- All payments are deferred for 6 months;
- however, interest will continue to accrue over this period.

When is my loan due? In 2 years.

Paycheck Protection Program

Can I pay my loan earlier than 2 years?

- Yes. There are no prepayment penalties or fees.

Do I need to pledge any collateral for these loans?

- No. No collateral is required.

Do I need to personally guarantee this loan?

- No. There is no personal guarantee requirement.

Paycheck Protection Program

What do I need to certify?

As part of your application, you need to certify in good faith that:

- Current economic uncertainty makes the loan necessary to support ongoing operations.
- The funds will be used to retain workers and maintain payroll or to make mortgage, lease, and utility payments, among other items.

Talk with your lender concerning other requirements and guidelines.

4. SBA Loan Forbearance

A unique program

**If you have the proper SBA loan that qualifies,
reach out to everyone involved**

- You may have one or more existing SBA loans for equipment, expansion, or even real estate / building.
- SBA 7(a), 504 or Micro loan, the CARES Act requires: Government to automatically make the payments for you over the next six-month period beginning April 1, 2020.

5. Increased Access to Retirement Account

Money in the short run

This is a great strategy in the short run

- To access cash while you wait for other benefits, but not a good strategy in the long run.
- Caution: tapping into retirement accounts, or some say "raiding" your future savings and retirement, is a dangerous proposition.
- New law increases the dollar amount you can loan yourself from your own 401(k) from \$50,000 to \$100,000.
- There are no taxes or penalties owed with the loan, as long as you pay the loan back. It's a tax- and penalty-free opportunity to access retirement accts early.

6. Unemployment Benefits for the Self-Employed

A lot of options to think about

Get your application in for state unemployment.

- In order to get the federal "add-on" of \$600 a week, you first must be approved for state unemployment and receive that benefit.
- Individuals who haven't been laid off, can't work due to reasons related to coronavirus would also be eligible for unemployment.
- These reasons would include a case where they were diagnosed with coronavirus, were awaiting a diagnosis or had a family member diagnosed with the disease.
- If scheduled to start a job, could not because their workplace had shut down due to the outbreak would also be eligible.
- Finally, individuals whose head of household died directly due to covid-19 would be eligible.

7. Emergency Paid Sick Leave (EPSL)

Unheard-of law never on the books before

Essentially, qualifying employees (six reasons)

- Employees can receive paid leave, up to two weeks in advance (while not working), federal government pays for it.

Employees can qualify under 1 of these six reasons to receive benefits (following amounts):

1. Two weeks (80 hrs) of pay, immediately (not after they come back) paid at their regular rate of pay, for reasons 1 to 3 (employee is sick with COVID-19). Maximum of \$511 a day and \$5,110 in total.
2. Two weeks (80 hrs) of pay, immediately (not after they come back to work) paid at 2/3 their regular rate of pay, for reasons 4-6 below (caregiver reasons). Maximum of \$200 a day and \$2,000 in total.

7. Emergency Paid Sick Leave (EPSL)

Unheard-of law never on the books before

3. Employee experiencing symptoms of COVID-19 and seeking medical diagnosis.
4. Employee caring for an individual (not limited to a family member) subject to a quarantine/isolation order or advised to quarantine/isolation.
5. Employee is caring for son/daughter whose school or place of care is closed or childcare provider is unavailable, due to COVID-19 precautions.
6. Employee is experiencing any other substantially similar conditions, specified by the Secretary of Health and Human Services, in consultation with the Secretary of the Treasury and the Secretary of Labor.

More information: Dept of Labor – [DOL.gov](https://www.dol.gov)

8. Family Medical Leave (FMLA)

CARES Act also dramatically expands the FMLA.

- This portion of the law gives employees compensation and the necessary time to take care of a family member effected by the virus. It took effect on Apr. 2 and due to expire on Dec. 31, 2020.
- Essentially, if an employee qualifies, allows the employee up to 12 wks of paid leave, and the employer is reimbursed to certain limits and amounts.
- Not all companies will participate, as this law only applies to employers with fewer than 500 employees, including public agencies.

More information: Employment Development Dept – [EDD.ca.gov](https://edd.ca.gov)

Important Notes

A spouse or family member on the payroll for at least 30 days, could qualify for EPSL or FMLA; this may be another fit for your business while you as business owner continue to be paid under PPP.

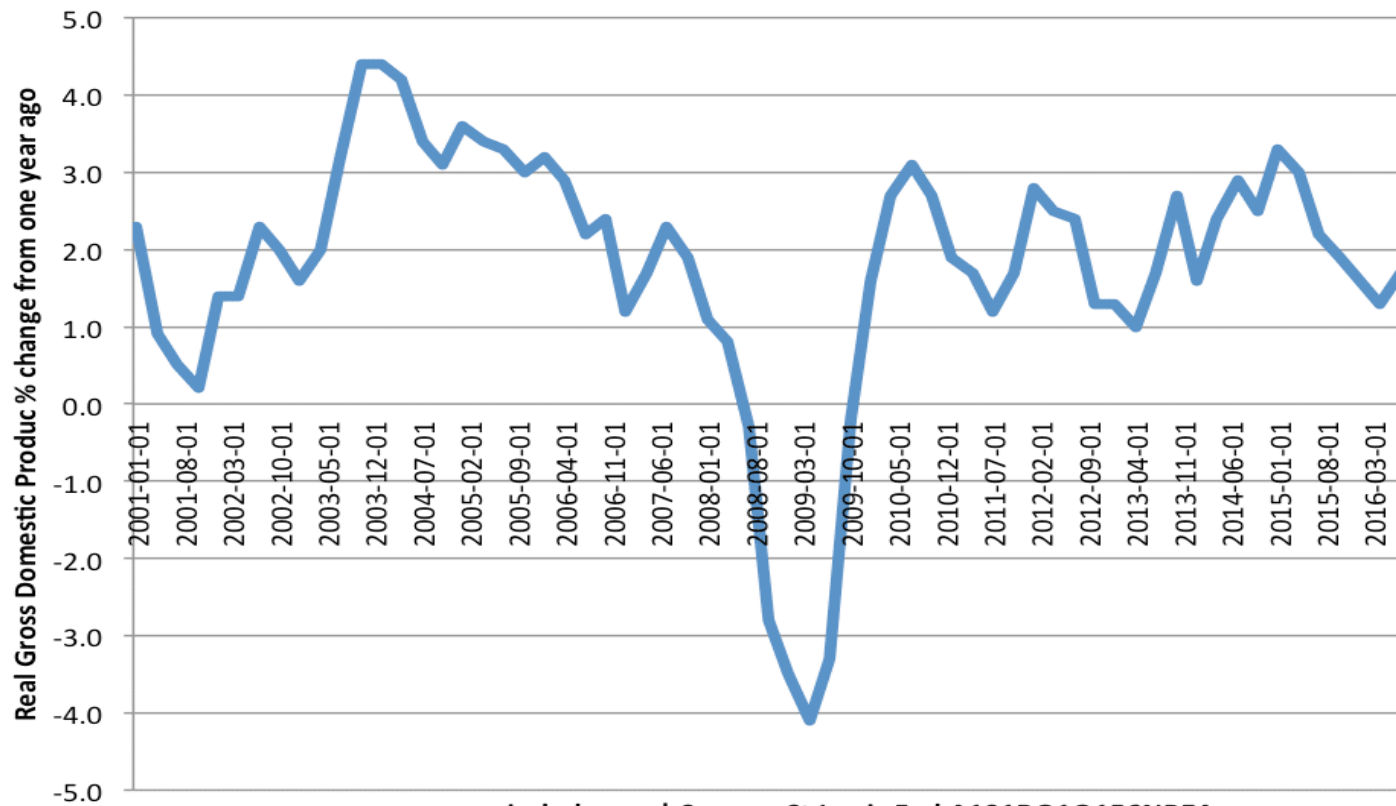
Emergency Paid Sick Leave (EPSL)

More information: Dept of Labor – DOL.gov

Family Medical Leave (FMLA)

Employment Development Dept – EDD.ca.gov

US economic growth



www.economicshelp.org | Source: St Louis Fed A191RO1Q156NBEA

After the affects Great Recession of 2009, the number of loans to small businesses decreased by 31% in the following years.

This was because businesses based on their cash flow did not qualify in the midst of the downturn... Now is the time.

Paycheck Protection Program

What else is there?

<https://www.sba.gov/paycheckprotection/find>

\$25K express loan already in place (some banks participating)

Express Bridge Loan Pilot Program

- Allows small businesses who currently have a business relationship with an SBA Express Lender
- Access up to \$25,000 with less paperwork.
- Provides vital economic support to small businesses
- Can be a term loan or used to bridge the gap while applying for direction SBA Economic Injury Disaster Loans.

More Help

What else is there?

California IBANK supporting small business

- \$50 Million Fund for Loans up to \$50k
- Working with CDFI's – Community Development Financial Institutions

Sales Tax deferral

Allowing small businesses to defer payment of sales and use taxes of up to \$50,000 for up to 12 months

More Help

What else is there?

Employee Retention Credit

- Designed to encourage businesses to keep employees on their payroll.
- Refundable tax credit is 50% of up to \$10,000 in wages paid by an eligible employer
- Business that have been financially impacted by COVID-19.

Coronavirus page of IRS.gov

New grant/relief funds for businesses and employees

Online Resource Guide for nonprofits and Small Businesses:

Local Economic Development Board

*Information translated into Spanish

California Association of Nonprofits – COVID-19 related funding opportunities, federal resources

calnonprofits.org

U.S. Dept of Treasury/Federal Reserve expanded lending programs

federalreserve.gov

New grant/relief funds for businesses and employees

Online Resource Guide for Small Businesses and Nonprofits:

Grants + Employee Relief Programs

- Salesforce Cares Small Business Grants grants of up to \$10k: **salesforce.com**
- Opportunity Finance + “Grow with Google Small Business Fund”: **ofn.org**
- Sonoma County Vintners Foundation: **corazonhealdsburg.org/covid19**
 - Silicon Valley Community Foundation, Small Business Relief Fund
siliconvalleycf.org/small-business-relief-fund
- Grants from FaceBook, register: **facebook.com/business/boost/grants**

Resources

- SBA disaster assistance programs
 - www.sba.gov/disaster
- Disaster Assistance Portal
 - <https://disasterloan.sba.gov/ela/>
- SBA's Customer Service Center (for Disaster Loans)
 - 1-800-659-2955 / 1-800-877-8339 (TTY)
 - Email: disastercustomerservice@sba.gov
- SBA San Francisco District Office
 - www.sba.gov/ca/sf
 - SFOMail@sba.gov
- San Francisco Resource Guide – Lists local resource partners
 - <https://www.sba.gov/local-assistance>
- San Francisco Small Business Development Center
 - <https://www.sfsbdc.org>

New toll free number for clients: 1-833-ASK-SBDC
Get loan questions answered starting 4/13: loans@asksbdc.com

Other relief under the Stimulus Bill

To individuals, the health-care system, an entire corporate sector ravaged by the outbreak. Still there is a lot to be understood operationally about how these programs will be rolled out. Relief under the plan includes:

Direct payments to individuals

Student loan payments suspended

REAL ID deadline delayed

Historic boost for unemployment benefits

\$500 billion lending program

Elected Officials: businesses can't get money

No money for border wall

Airlines and airports get what they wanted

Hospitals get billions

Contractors and 'gig' workers

Protections against foreclosures and evictions

\$25 million for the Kennedy Center

Peace Corps, diplomatic programs and refugees

UPDATED COMPARISON – EMERGENCY RESPONSE LOANS FOR COVID-19

PAYCHECK PROTECTION PROGRAM (7a PPP)

2.5x monthly payroll costs

May be used for costs related to: the continuation of group healthcare benefits during periods of paid, sick, medical, or family leave.

Related to insurance premium, employees salaries, commissions, or similar compensations

ECONOMIC INJURY DISASTER LOAN (EIDL)

Looking at you 2019 YTD P&L:

(Total COGS + total operating + monthly principal and interest + debt payments)

– amount you applied for PPP

x 6 months (equivalent working capital)

May be used costs related to:

Pay fixed debts, payroll, accounts payable, and other bills that could have been paid had the disaster not occurred. EIDLs are not meant for business expansion.

Up to \$10 Million	AMOUNT	Up to \$2 Million
1% APR 2-year fixed note	TERMS	3.75% APR 30-year term
Up to 100% with approval for first 2 Months of approved payroll costs	LOAN Forgiveness	*up to \$10,000 eligible for advance
No payments for the first 6 months	DEFERMENT	No payments for the first 11 months



Thank You

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