

1. What are the suggested documents for a PPP loan?

- Payroll reports
- Payroll tax filings
- Income, payroll, and unemployment insurance filings from your state
- Documents verifying any retirement and health insurance contributions
- Documents verifying your eligible interest, rent and utility payments
- Documentation and proof of payment, bank statements and canceled checks

*Your lender may have additional requirements

For sole proprietors: you can have eight weeks of the loan forgiven as a replacement for lost profit. But you'll need to provide documentation for the remaining two weeks' worth of cash flow, proving you spent it on mortgage interest, rent, lease, and utility payments.

2. What are the eligible use of PPP funds?

- Payroll; salary, wage, vacation, health benefits, sick leave.
- Commercial mortgage interest
- Commercial rent
- Commercial utilities

3. When does the eight week period start (PPP)?

Eligible expenses are those that are incurred over eight weeks, starting from the day the first payment was made by your lender.

4. What are the staffing requirements for the eight week period for the PPP?

You must maintain the number of employees on your payroll for eight consecutive weeks after the first payment was made by your lender in order to benefit from full forgiveness.

To determine if you have met this requirement you can use the following calculation:

First, determine the average number of full-time equivalent employees you had for the following three periods:

- The 8-week period following your initial loan disbursement, (A)
- February 15, 2019 to June 30, 2019, (B1) and January 1, 2020 to February 29, 2020. (B2)

Take A and divide that by B1. Do the same with B2. Take the largest number you obtain. If you're a seasonal employer, you must divide by B1.

- If you get a number equal to or larger than 1, you successfully maintain your headcount and meet this requirement.
- If you get a number smaller than 1, you did not maintain your headcount and your forgivable expenses will be reduced proportionately.

5. Can a seasonal employer that elects to use a 12-week period between May 1, 2019 and September 15, 2019 to calculate its maximum PPP loan amount under the interim final rule issued by Treasury on April 27, 2020, make all the required certifications on the Borrower Application Form?

Yes. On April 27, 2020, Treasury issued an interim final rule allowing seasonal borrowers to use an alternative base period for purposes of calculating the loan amount for which they are eligible under the PPP. An applicant that is otherwise in compliance with applicable SBA requirements, and that complies with Treasury's interim final rule on seasonal workers, will be deemed eligible for a PPP loan under SBA rules. Instead of following the instructions on page 3 of the Borrower Application Form for the time period for calculating average monthly payroll for seasonal businesses, an applicant may elect to use the time period in Treasury's interim final rule on seasonal workers.

6. What to do if an employee refuses to get back to work?

You can rehire any staff that were laid off or put on furlough and reinstate any pay that was decreased by more than 25% to meet the requirements for forgiveness. You have until June 30th to do so.

The employer needs to notify the department of the refusal within seven days from when the offer is made. The department has created a new form, UC-1921W, so employers can notify the department that suitable work was

refused. The form can be saved, printed, and submitted directly to the department online.

7. Can I prepay my rent or mortgage?

No, prepayment is not an allowed use of the PPP and is not eligible for forgiveness.

8. How is eight weeks of net profit from 2019 calculated?

Your net profit that was reported on your Form 1040 Schedule C is multiplied by 8 then divided by 52.

9. What happens if I'm not approved for forgiveness?

Your lender may allow you to provide additional documentation so they can reevaluate your request. Otherwise, your outstanding balance will continue to accrue interest at 1%, for the remainder of the 2-year period.

10. What are Economic Injury Disaster Loans (EIDL)?

EIDL assistance declaration issued by the SBA makes loans available across the country to small businesses and private, non-profit organizations to help alleviate economic injury caused by this coronavirus.

11. What is the Paycheck Protection Program (PPP)?

The \$660 billion program was enacted as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

PPP is an SBA loan that helps businesses keep their workforce employed during the Coronavirus (COVID-19) crisis. 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. Seventy-five percent of the funds must be used for employee expenses and associated expenses (these being compensation, taxes, benefits, retirement, etc.). The remaining twenty-five percent of the fund can be used for working capital i.e. operating expenses like utilities, rent lease, etc.

12. The CARES Act excludes from the definition of payroll costs any employee compensation in excess of an annual salary of \$100,000. Does that exclusion apply to all employee benefits of monetary value?

No. The exclusion of compensation in excess of \$100,000 annually applies only to cash compensation, not to non-cash benefits

13. Are agricultural producers, farmers, and ranchers eligible for PPP loans?

Yes. Agricultural producers, farmers, and ranchers are eligible for PPP loans if: (i) the business has 500 or fewer employees, or (ii) the business fits within the revenue-based sized standard, which is average annual receipts of \$1 million.

14. Can I apply for both an EIDL and a PPP loan?

Yes, you can.

15. Is a PPP grant or a loan?

It's a loan. However, if you maintain at least 75% of your employees for 8 weeks, the loan will be forgiven.

16. Are EIDL grants?

No, these are loans. You need to repay the amount with a 3.75% interest rate (2.75 for nonprofits), maturity is up to 30 years, but you can apply for \$10,000 in advance which does not need to be repaid.

17. Does SBA PPP or EIDL require any collateral?

PPP loan does not require collateral. However, EIDL over \$25,000 requires collateral.

18. Do employees that make more than \$100K get to count under the PPP?

Yes, but only the portion up to \$100K. The eligible payroll costs does not include annual compensation in excess of \$100,000 for individual employees.

19. As a C-Corp whose credit report is considered?

Corporations are considered as separate entities from individuals. Corporations could provide their business credit reports.

20. When the business applies to EIDL and gets the \$10,000 in advance, will it need to be paid back?

No, that's a grant. The grant portion does not need to be paid back, but is part of the total loan amount. As an example, if you want to borrow \$50,000.00, you will get \$10,000.00 forgiven and the actual loan amount will be \$40,000.00. The \$40,000.00 is the portion that needs to be paid back.

21. Do independent contractors count as employees for purposes of PPP loan calculations?

No.

22. Are sole proprietors, independent contractors, or self-employed individuals eligible for a PPP loan?

Yes, if you were in operation on February 15, 2020, you are eligible.

23. If I am a self-employed individual how should I calculate my payroll costs?

Payroll costs for independent contractors or sole proprietors are wage, commissions, income, or net earnings from self-employment or similar compensation.

24. Can I add my outstanding EIDL loan amount to my calculations?

Yes, find your average monthly payroll costs and multiply that number by 2.5, then add your outstanding EIDL loan amount (less the amount of any "advance"). That would be your maximum loan amount.

25. What qualifies as "payroll costs"?

Salary, wages, commissions, or similar compensation; cash tips or the equivalent (based on employer records of past tips or, in the absence of such records, a reasonable, good-faith employer estimate of such tips); payment for vacation, parental, family, medical, or sick leave; an allowance for separation or dismissal; payment for the provision of employee benefits consisting of group health care coverage, including insurance premiums, and retirement; payment of state and local taxes assessed on the compensation of employees; and for an independent contractor or sole proprietor, wage, commissions, income, or net earnings from self-employment or similar compensation.

26. What is the interest on a PPP loan?

100 basis points or one percent. Yet if it primarily falls in the 75/25 usage ratio, it might all be forgiven.

27. Can I apply for more than one PPP loan?

No.

28. Is the PPP “first-come, first-served?”

Yes. Although ample time is being allowed for all qualified borrowers to apply. This loan will be applied directly to your lender. While an SBA Certified Lender is the preferred choice, other lenders will be allowed to offer and service these loans for a defined period of time. However, given these lenders are not familiar with SBA rules and processes, it is suggested that you use an SBA certified lender.

Also, keep in mind the lender will have their own unique application requirements. Make sure you know what these are in advance.

29. How do I calculate my loan amount for the PPP?

Aggregate payroll costs from the last twelve months for employees whose principal place of residence is the United States. Subtract any compensation paid to an employee in excess of an annual salary of \$100,000 and/or any amounts paid to an independent contractor or sole proprietor in excess of \$100,000 per year. Then calculate average monthly payroll costs and Multiply the average monthly payroll costs by 2.5.

30. The CARES Act excludes from the definition of payroll costs any employee compensation in excess of an annual salary of \$100,000. Does that exclusion apply to all employee benefits of monetary value?

No. The exclusion of compensation in excess of \$100,000 annually applies only to cash compensation, not to non-cash benefits, including: employer contributions to defined-benefit or defined-contribution retirement plans; payment for the provision of employee benefits consisting of group health care coverage, including insurance premiums; and payment of state and local taxes assessed on the compensation of employees. See Question 14.

31. How do I calculate my loan amount for EIDL?

The SBA will determine your loan amount regarding your financials and your economic damage.

32. Is a hedge fund or private equity firm eligible for a PPP loan?

No. Hedge funds and private equity firms are primarily engaged in investment or speculation and such businesses are therefore ineligible to receive a PPP loan.

33. Will I be approved for a PPP loan if my business is in bankruptcy?

No. If the applicant or the owner of the applicant is the debtor in a bankruptcy proceeding, either at the time it submits the application or at any time before the loan is disbursed, the applicant is ineligible to receive a PPP loan.

34. I have not heard from the SBA regarding my EIDL application. What should I do?

Applicants can call or email customer service at the SBA using their application number to check the status of their application.

35. I have not applied for PPP, should I apply?

President Donald Trump signed another bill that authorizes an additional \$310 billion in funds for the PPP. It is being distributed on a first-come-first-served basis. The sooner you apply, the better.

36. I have not applied for EIDL, should I apply?

Yes, remember these funds are being distributed on a first-come-first-served basis.

37. Are there any other loans available?

Unfortunately, PPP and EIDL are the two major loans available for small businesses in terms of COVID-19 relief programs right now. There may be other small amount loan programs that are offered by economic development agencies.