

***Note:** This presentation is not comprehensive and may omit key details in the interest of time and clarity.*

*Please visit [www.sba.gov](http://www.sba.gov) and [www.des.nc.gov](http://www.des.nc.gov) for full program details.*

# **Self-Help Quick Take: Federal Resources for Businesses Impacted by COVID-19**

April 15, 2020

# PRESENTATION CONTENTS

- **SBA Paycheck Protection Program**
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  - **How to apply**
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- **(EIDL) Emergency Economic Injury Loan + Advance**
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- **Don't Forget: Expanded Unemployment Benefits**

# FAQ: WHO QUALIFIES FOR SBA DISASTER RELIEF PROGRAMS FOR COVID-19?

- For-profits\*
- Nonprofits\*
- Faith-based organizations\*\*
- Sole proprietors
- Independent contractors (must apply on own)

\*If more than one location and each location has unique tax ID, then can apply separately for each location.

\*\*If church childcare shares tax ID # with the church itself, then the CC and church must apply as one unit.

NOTE: There are business size restrictions, see [here](#) if you think your operation (including affiliate businesses) may be too large.

# SBA DISASTER-RELATED PROGRAMS

- **Paycheck Protection Program**
- **Economic Injury Disaster Loan (EIDL)**
  - “injury” = reduced revenue due to COVID-19
- **EIDL Advance (grant)**
- **Express Bridge Loan**
- **Small Business Debt Relief**
  - For businesses with existing SBA loan

# PPP: QUICK & DIRTY

**Purpose:** help businesses keep employees on payroll

*(Note: you have until June 30 to restore your FTE and salary levels for any changes made between Feb 15<sup>th</sup> and April 26<sup>th</sup>)*

**How much can I qualify for?** *(explained two ways)*

- 2.5x (or 250%) average monthly payroll from the last year (2019 or last 12 months)
- Up to two months of your average monthly payroll costs from the last year + an additional 25% of that amount

**How can I make sure the whole loan gets forgiven?**

- At least 75% of funds awarded must be used for payroll (including benefits).
- The other 25% can be used for other qualifying business expenses.
  - Interest on mortgage obligations
  - Rent
  - Utilities

**When would I have to repay the loan? (@ 1% over 2 years)?**

- If you use the \$\$ for anything other than approved uses over 8 weeks after getting the loan
- If more than 25% of your loan goes towards non-payroll expenses
- If you decrease full time employee headcount and/or decrease salaries/wages by more than 25%

**VISIT <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options> for more information**

# PPP: HOW TO APPLY

Reach out to bank/credit union where you have a banking relationship

- More than one relationship? Reach out to the institution where you have a business banking relationship or lending relationship first.
- Independent contractors and self-employed individuals are eligible to apply for PPP
- Just because you submit your application to the bank doesn't mean that it has been submitted to the SBA- patience is key. So is understanding where you are in "line."

# PPP: HOW TO APPLY

Self-Help is asking PPP borrowers to prepare the following documents:

## **Payroll Tax Records** (as applicable):

- Quarterly tax filings (form 941) for 2019 & supporting payroll process records
- Independent Contractors: Form 1099
- Sole Proprietors: Schedule C and supporting income & expense forms

## **Current Number of Employees:**

- To ensure your eligibility for loan forgiveness, employees should be calculated as Full-Time Equivalent (FTE) Employees. FTEs are based on a 40-hour work week. Please count each 40 hour/week employee as 1 FTE, and count each part-time employee as a fraction of 1 FTE. For example, a part-time employee who works 20 hours/week would equal  $\frac{1}{2}$  FTE.
- Owners of your organization are considered employees for purposes of this calculation.

## **For-profits—for each 20%+ owner:**

- Name
- SSN
- Ownership percentage
- Color copy of driver's license (front and back)

## **Nonprofits—for at least one director:**

- Name
- SSN
- For ownership percentage, enter 0%
- Color copy of driver's license (front and back)

# PPP: FILLING OUT THE APPLICATION

*NOTE: This is how Self-Help is advising its applicants. Other Banks/CUs may manage this process differently based on on-going SBA guidance/updates:*

DESCRIPTION	YES/NO	
<b>GATHERING OF DOCUMENTATION &amp; CALCULATION OF PAYROLL/LOAN AMOUNT REQUEST</b>		
1.	Gather all documentation required to calculate average monthly payroll costs (list of acceptable documentation and eligible costs can be found on Payroll Cost FAQ)	
2.	Use the calculator provided with the online portal or your own methodology to calculate the average monthly payroll costs and therefore loan amount request	

# PPP: FILLING OUT THE APPLICATION

## COMPLETION OF SBA PPP APPLICATION FORM (FORM 2483)

3.	Did you check an Entity Type box at the top left of the SBA PPP Application form?	
4.	Did you fill in the Borrower TIN (EIN, SSN) at top of the SBA PPP Application form?	
5.	Under Applicant Ownership, is this section filled in with SSN legible? (Not applicable for non-profits)	
6.	Is the Average Monthly Payroll and Loan Request amount filled in? (Rounded down to nearest dollar)	
7.	Does the Average Monthly Payroll match the figure you calculated using one of the calculators and acceptable documentation that you gathered?	
8.	Have you answered all of the questions (1-8) with Yes or No?	
9.	For question 7, make sure that any employees not with primary residence in the United States are not included in the payroll calculation. Have you made sure and therefore answered this question "Yes"?	
10.	If you answered "Yes" to questions 3 or 4, have you uploaded required Addendum?	
11.	Have you initialed by your answers to question 5 & question 6?	
12.	Have you initialed by all of the certifications on page 2?	
13.	Have you signed and dated the form on page 2?	

# PPP: FILLING OUT THE APPLICATION

## UPLOAD ALL REQUIRED DOCUMENTS

14.	Have you uploaded the completed SBA PPP Application (Form 2483)?	
15.	Have you uploaded a color copy of both the front and back of the authorized signer's driver's license?	
16.	Have you uploaded a calculator that shows the average monthly payroll and loan request amount that matches what is input on the SBA PPP Application? If it is not perfectly clear from the spreadsheet, have you described how you arrived at your monthly payroll calculation and loan amount?	
17.	Have you uploaded all tax filings and/or third-party documents that will validate any payroll costs that you include in your calculations and gathered in Step 1?	
18.	Have you uploaded this checklist and optional calculator?	
19.	Did you remember to input the Code that you received via email when you applied on the online portal?	

# PPP: HOW TO APPLY WITH SELF-HELP

If you are interested in getting on the application waitlist at Self-Help, please visit:

[www.self-help.org/ppp](http://www.self-help.org/ppp)

There, you can submit your contact information and we will follow up with more information if/when we are able to take you off the waitlist.

## **Note:**

*Self-Help has implemented a tiered rollout to focus on our existing borrowers, members, mission-aligned sectors, and nonprofits and businesses run by people of color. As we ramp up and expand the program we intend to reach out to more businesses. We may not be able to process every business on our waitlist. That will depend on capacity limitations and funding availability.*

***In the meantime, time is critical, so we encourage you to contact other lenders, particularly your primary business banking institution, to ask about their PPP loan program as well. Adding your business to the waitlist will not impede your ability to apply for the PPP elsewhere.***

PAYCHECK PROTECTION PROGRAM

Creating and Protecting Ownership and Economic Opportunity • [www.self-help.org](http://www.self-help.org)



# I'VE APPLIED...WHAT NEXT?

- Submit your PPP application and required documentation to your bank/credit union (submission process may vary)
- Bank/CU will review your application for eligibility and apply to the SBA on your behalf (note: it is ultimately your responsibility to make sure your application is correct and accurate)
- SBA will review and approve/deny the application (this can take a few days)
- If approved, SBA shares a loan number with bank/CU
- Bank/CU sends you required forms and closing documents to fill out
- Bank/CU closes the loan
- Bank/CU wires you the money (within 10 calendar days of approval)

# I NEED \$\$ NOW...WHAT ARE MY OPTIONS?

## Consider an Emergency Economic Injury Advance

- Apply directly to the SBA ([disasterloan.sba.gov](https://disasterloan.sba.gov))
- Up to \$10,000 to be used for approved purposes (based on # of employees...up to \$1,000/employee)
- Can be used for payroll, fixed biz debt, rent, utilities, interest on debt, accounts payable, some bills that could have been paid had pandemic not occurred
- Requested during Economic Injury Disaster Loan Application (EIDL)
- If approved, funds are distributed and not repaid regardless of EIDL decision
- No obligation to accept EIDL loan if offered
- If accept a PPP later, emergency grant amount will be subtracted from the amount forgiven under PPP

**VISIT <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options> for more information**

# I NEED MORE \$\$...WHAT ARE MY OPTIONS?

## Consider an Emergency Economic Injury Loan

- Apply directly to the SBA ([disasterloan.sba.gov](https://disasterloan.sba.gov))
- Approval based on size and credit
- SBA will request tax returns
- Interest rate 3.75% (for profit), 2.75% (nonprofit)
- Start paying back 12 months after you get the \$\$ (interest still accrues)
- Can be used for working capital needs:
  - Payroll (including paid sick leave)
  - Accounts payable
  - Fixed debt (including mortgage, biz vehicle payments)
  - Operating expenses that could have been paid had pandemic not occurred
  - Funds NOT intended for expansion or to replace lost sales or profits

*Note: EIDL can be refinanced into a PPP. If considering, talk with your accountant/financial advisor first.*

**VISIT <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options> for more information**

## COVID 19 RELIEF OPTIONS

# NEED HELP?

## Reach out to any of the SBA's Technical Assistance Partners

The following SBA-backed organizations assist small businesses in NC. Email and phone counseling are available.

- **Small Business & Technology Development Center (SBTDC):** <http://www.sbtcd.org/coronavirus/>
- **SCORE:** <https://www.score.org/>
- **Veterans Business Outreach Center:** <https://www.fsuvboc.com/>
- **Women's Business Centers:**
  - Asheville area: <https://www.wwbcnc.org/>
  - Charlotte area: <http://theinstitutenc.org/programs/wbcc>
  - Fayetteville area: <https://www.wbcfay.org/>
  - Raleigh/Durham area: <https://theinstitutenc.org/programs/womens-business-center-of-north-carolina/>

# WHAT ELSE SHOULD I DO?

In addition to checking out the [SBA guidance page](#) on available resources,

- **Stay in touch with your financial institution:** Make sure you're up to date on current operations, hours, and more.
- **Contact your lenders, utility service providers or landlord:** Many creditors are offering relief options for loan payments, utility payments or rent. Contact yours to see how they might be able to help you.
- **Contact your insurance provider:** Contact your insurance agent to determine whether your policy provides coverage for the impact to your business.
- **Learn about student loan forbearance options:** The U.S. Department of Education has [forbearance information for students, borrowers and parents](#).

# WHAT ELSE SHOULD I DO?

- **Avoid payday lenders:** These lenders [can be a trap for consumers](#). If you don't already have an account with a financial institution that has your best interests at heart, open one.
- **Apply for unemployment benefits:** You can find [links to your state's unemployment and workforce resources here](#).
- **Get help from a financial or housing counselor:** Contact the [National Foundation for Credit Counseling \(NFCC\) here](#) or at 833-746-7577. NFCC is a network of nonprofit credit counseling agencies.
- **Be wary of scams:** Don't share personal information, usernames, PINs, or passwords with others. [The FCC has tips on avoiding coronavirus scams](#).

# WHAT ELSE SHOULD I DO?

## Check out online resources:

- **NAEYC** offers [several resources](#) in Spanish and English to help childcares navigate SBA relief options
- **The SBTDC** maintains a [regularly updated page](#) of business resources, including a helpful [SBA loan overview and comparison chart](#).
- **NC Growth** also has a [list of resources](#) (including upcoming webinars).
- **The Center for the Advancement of Social Entrepreneurship (CASE)** at Duke's Fuqua School of Business has created a searchable website with info on grants, loans and more around the world. See and search the site here: <https://bit.ly/COVID19CapitalRelief>.

# FEDERAL UNEMPLOYMENT ASSISTANCE

## Changes under CARES Act:

- Additional \$600 in weekly benefits
- 13 additional weeks of state UI coverage for those who exhaust their state benefits
- Expanded eligibility under Pandemic Unemployment Assistance to include independent contractors and self-employed individuals

**Note:** The Division of Employment Security just recently received guidance from the federal government to implement the Pandemic Unemployment Assistance program. Visit <https://des.nc.gov/need-help/covid-19-information/federal-unemployment-assistance> for more information and updates

**Independent contractors and self-employed workers may file for unemployment insurance assistance at any time.** However, until system updates are completed, no eligibility determinations will be made for the federal programs. Being found ineligible for state unemployment insurance does not make you ineligible for federal assistance.

# FEDERAL ASSISTANCE- DETAILS

**Federal Pandemic Unemployment Compensation (FPUC):** Provides an additional \$600 in weekly unemployment insurance benefits paid for weeks after March 29, 2020. The program is expected to end on or before July 31, 2020.

**Pandemic Emergency Unemployment Compensation (PEUC):** Provides up to 13 additional weeks of state unemployment insurance benefits. The program is expected end on or before Dec. 31, 2020.

**Pandemic Unemployment Assistance (PUA):** Provides unemployment compensation for individuals not eligible for regular unemployment insurance or any extensions to unemployment insurance. This would provide coverage to eligible self-employed workers and independent contractors who are not typically eligible for unemployment insurance. The program is expected end on or before Dec. 31, 2020.

Visit <https://des.nc.gov/need-help/covid-19-nc-unemployment-insurance-information> for more information and step-by-step instructions on how to apply

## UNEMPLOYMENT INSURANCE