

Paycheck Protection Program and Other Financial Relief Under the CARES Act

FRIDAY, April 3, 2020

*This meeting is being recorded.



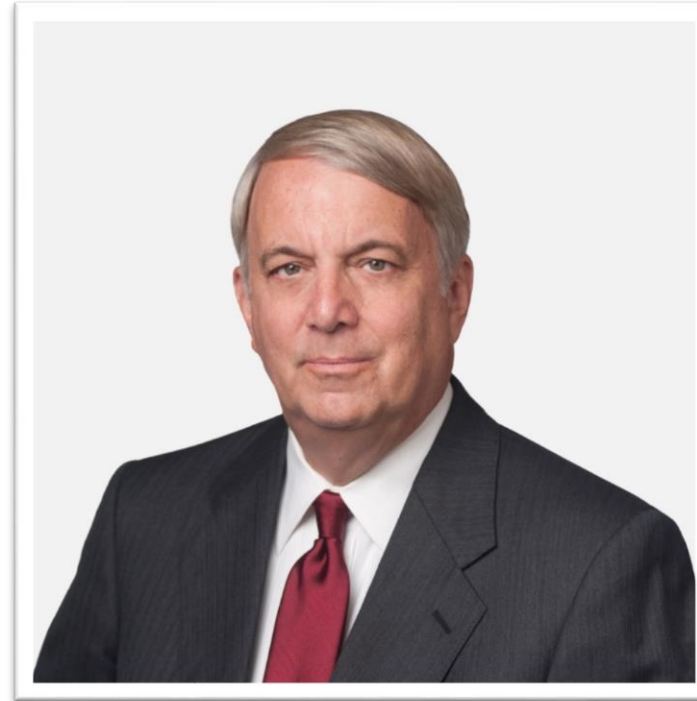


Agenda

- **Welcome**
- **Paycheck Protection Program Overview**
- **Eligibility**
- **Terms**
- **How to Apply**
- **Potential Downsides**
- **Other Federal Finance Opportunities**
- **Q&A**

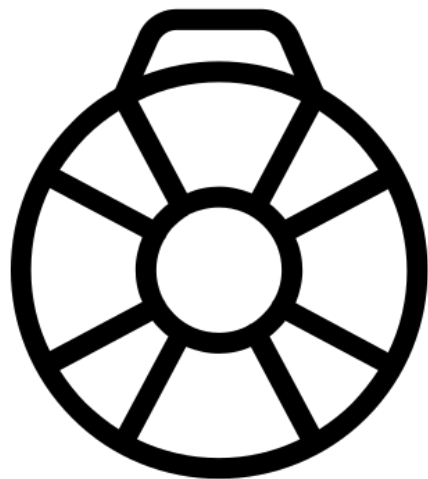


Jane Sargent
Akerman LLP

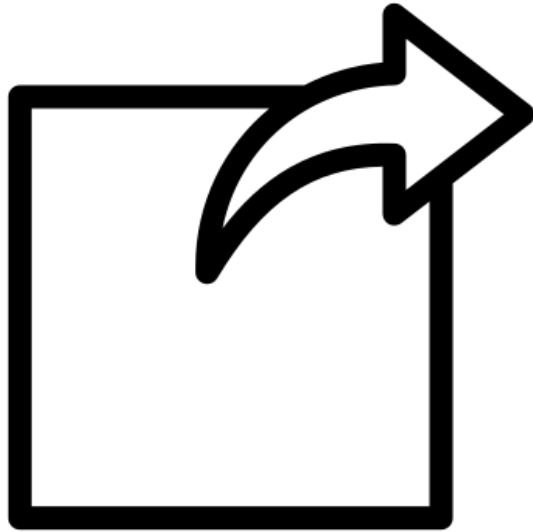


Rick Spees
Akerman LLP

PAYCHECK PROTECTION PROGRAM OVERVIEW



Forgivable loans to small employers to keep workers on payroll



Limited funds available, so
file soon.

ELIGIBILITY

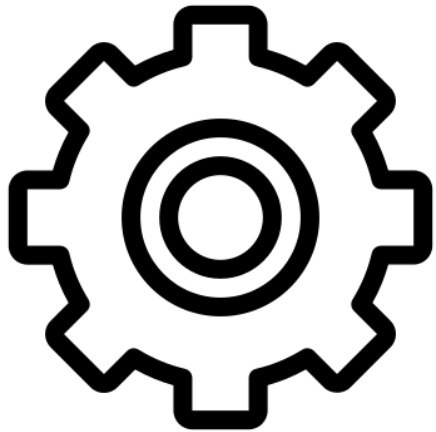
Who can apply?



Non-profits, businesses, and veterans organizations with less than 500 employees, and certain larger businesses in particular industries

- NOT for government entities

Who can apply?



- Borrower has a good-faith belief, and has signed the certification, that the uncertainty of current economic conditions makes the loan request **necessary to support ongoing operations**
- **In operation before February 15, 2020** and had employees for whom they paid salaries and payroll taxes or paid independent contractors

TERMS

Permitted uses



- Payroll (including benefits)
- Rent
- Mortgage interest
- Utilities

Permitted uses - cautions



- Check if using restricted funds for the same purposes
- Does not apply to mortgages, leases, or utilities started after February 14, 2020

Loan amount



- Intended to cover eight weeks of payroll (and certain expenses) between February 15 and June 30, 2020
- When calculating payroll, individual compensation capped at \$100,000

Loan amount calculation

Step 1: Aggregate payroll costs from the last 12 months for employees whose principal place of residence is the U.S.



Step 2: 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 in excess of \$100,000 per year.

Step 3: Calculate average monthly payroll costs (divide the amount from Step 2 by 12).

Step 4: Multiply the average monthly payroll costs from Step 3 by 2.5.

Principal fully forgivable



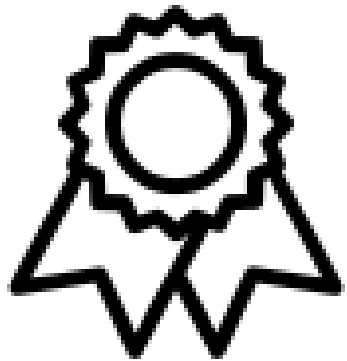
- If used only for payroll, mortgage interest, rent, and utilities;
- If at least 75% used for payroll; and
- If employees kept on the payroll (or re-hired quickly) at same salary level

Interest and fees



- Interest at 1% (= \$100 on a \$10,000 loan)
- Not forgiven unless all the proceeds of the loan went for allowable purposes
- Paid back over two years
- No fees by SBA or lender

Additional favorable terms

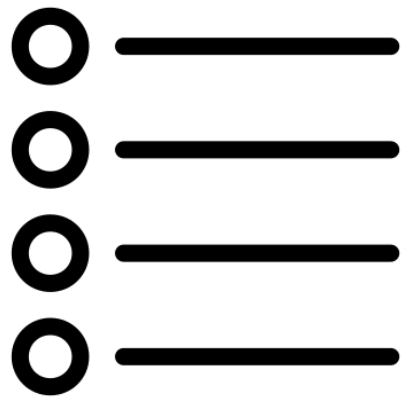


- Federally guaranteed
- No collateral or personal guarantee needed

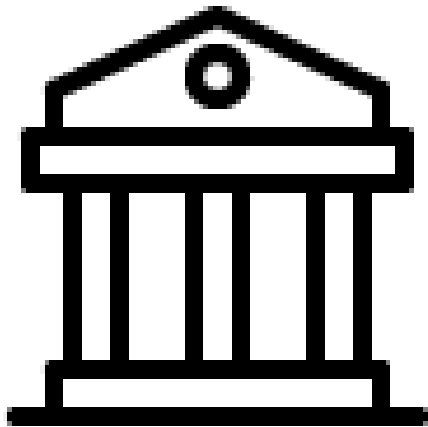
HOW TO APPLY



What to do now?

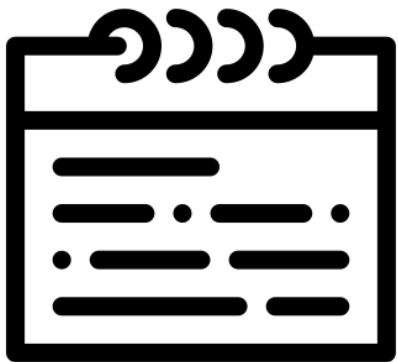


- Determine eligibility
- Begin gathering documents
- Find a participating lender
(<https://www.sba.gov/article/2020/mar/02/100-most-active-sba-7a-lenders>)
- Obtain board of directors' approval



Make application:

- Through participating banks and credit unions
- Not directly through the SBA



Applications open April 3, 2020

<https://www.sba.gov/document/sba-form--paycheck-protection-program-borrower-application-form>



Paycheck Protection Program Borrower Application Form

OMB Control No.: 3245-0407
Expiration Date: 09/30/2020

Check One: <input type="checkbox"/> Sole proprietor <input type="checkbox"/> Partnership <input type="checkbox"/> C-Corp <input type="checkbox"/> S-Corp <input type="checkbox"/> LLC <input type="checkbox"/> Independent contractor <input type="checkbox"/> Eligible self-employed individual <input type="checkbox"/> 501(c)(3) nonprofit <input type="checkbox"/> 501(c)(19) veterans organization <input type="checkbox"/> Tribal business (sec. 31(b)(2)(C) of Small Business Act) <input type="checkbox"/> Other		DBA or Tradename if Applicable	
Business Legal Name			
Business Address		Business TIN (EIN, SSN)	Business Phone
		() -	
		Primary Contact	Email Address
Average Monthly Payroll:	\$	x 2.5 + EIDL, Net of Advance (if Applicable) Equals Loan Request	\$
Purpose of the loan (select more than one):		Number of Employees	
<input type="checkbox"/> Payroll <input type="checkbox"/> Lease / Mortgage Interest <input type="checkbox"/> Utilities <input type="checkbox"/> Other (explain):			

Applicant Ownership

List all owners of 20% or more of the equity of the Applicant. Attach a separate sheet if necessary.

Owner Name	Title	Ownership %	TIN (EIN, SSN)	Address

If questions (1) or (2) below are answered "Yes," the loan will not be approved.

Question	Yes	No
1. Is the Applicant or any owner of the Applicant presently suspended, debarred, proposed for debarment, declared ineligible, voluntarily excluded from participation in this transaction by any Federal department or agency, or presently involved in any bankruptcy?	<input type="checkbox"/>	<input type="checkbox"/>
2. Has the Applicant, any owner of the Applicant, or any business owned or controlled by any of them, ever obtained a direct or guaranteed loan from SBA or any other Federal agency that is currently delinquent or has defaulted in the last 7 years and caused a loss to the government?	<input type="checkbox"/>	<input type="checkbox"/>
3. Is the Applicant or any owner of the Applicant an owner of any other business, or have common management with, any other business? If yes, list all such businesses and describe the relationship on a separate sheet identified as addendum A.	<input type="checkbox"/>	<input type="checkbox"/>
4. Has the Applicant received an SBA Economic Injury Disaster Loan between January 31, 2020 and April 3, 2020? If yes, provide details on a separate sheet identified as addendum B.	<input type="checkbox"/>	<input type="checkbox"/>

If questions (5) or (6) are answered "Yes," the loan will not be approved.

Question	Yes	No
5. Is the Applicant (if an individual) or any individual owning 20% or more of the equity of the Applicant subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction, or presently incarcerated, or on probation or parole? Initial here to confirm your response to question 5 →	<input type="checkbox"/>	<input type="checkbox"/>
6. Within the last 5 years, for any felony, has the Applicant (if an individual) or any owner of the Applicant 1) been convicted; 2) pleaded guilty; 3) pleaded nolo contendere; 4) been placed on pretrial diversion; or 5) been placed on any form of parole or probation (including probation before judgment)? Initial here to confirm your response to question 6 →	<input type="checkbox"/>	<input type="checkbox"/>
7. Is the United States the principal place of residence for all employees of the Applicant included in the Applicant's payroll calculation above?	<input type="checkbox"/>	<input type="checkbox"/>
8. Is the Applicant a franchise that is listed in the SBA's Franchise Directory?	<input type="checkbox"/>	<input type="checkbox"/>



Paycheck Protection Program Borrower Application Form

By Signing Below, You Make the Following Representations, Authorizations, and Certifications

CERTIFICATIONS AND AUTHORIZATIONS

I certify that:

- I have read the statements included in this form, including the Statements Required by Law and Executive Orders, and I understand them.
- The Applicant is eligible to receive a loan under the rules in effect at the time this application is submitted that have been issued by the Small Business Administration (SBA) implementing the Paycheck Protection Program under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (the Paycheck Protection Program Rule).
- The Applicant (1) is an independent contractor, eligible self-employed individual, or sole proprietor or (2) employs no more than the greater of 500 or employees or, if applicable, the size standard in number of employees established by the SBA in 13 C.F.R. 121.201 for the Applicant's industry.
- I will comply, whenever applicable, with the civil rights and other limitations in this form.
- All SBA loan proceeds will be used only for business-related purposes as specified in the loan application and consistent with the Paycheck Protection Program Rule.
- To the extent feasible, I will purchase only American-made equipment and products.
- The Applicant is not engaged in any activity that is illegal under federal, state or local law.
- Any loan received by the Applicant under Section 7(b)(2) of the Small Business Act between January 31, 2020 and April 3, 2020 was for a purpose other than paying payroll costs and other allowable uses loans under the Paycheck Protection Program Rule.

For Applicants who are individuals: I authorize the SBA to request criminal record information about me from criminal justice agencies for the purpose of determining my eligibility for programs authorized by the Small Business Act, as amended.

CERTIFICATIONS

The authorized representative of the Applicant must certify in good faith to all of the below by initialing next to each one:

- _____ The Applicant was in operation on February 15, 2020 and had employees for whom it paid salaries and payroll taxes or paid independent contractors, as reported on Form(s) 1099-MISC.
- _____ Current economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant.
- _____ The funds will be used to retain workers and maintain payroll or make mortgage interest payments, lease payments, and utility payments, as specified under the Paycheck Protection Program Rule; I understand that if the funds are knowingly used for unauthorized purposes, the federal government may hold me legally liable, such as for charges of fraud.
- _____ The Applicant will provide to the Lender documentation verifying the number of full-time equivalent employees on the Applicant's payroll as well as the dollar amounts of payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities for the eight-week period following this loan.
- _____ I understand that loan forgiveness will be provided for the sum of documented payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities, and not more than 25% of the forgiven amount may be for non-payroll costs.
- _____ During the period beginning on February 15, 2020 and ending on December 31, 2020, the Applicant has not and will not receive another loan under the Paycheck Protection Program.
- _____ I further certify that the information provided in this application and the information provided in all supporting documents and forms is true and accurate in all material respects. I understand that knowingly making a false statement to obtain a guaranteed loan from SBA is punishable under the law, including under 18 USC 1001 and 3571 by imprisonment of not more than five years and/or a fine of up to \$250,000; under 15 USC 645 by imprisonment of not more than two years and/or a fine of not more than \$5,000; and, if submitted to a federally insured institution, under 18 USC 1014 by imprisonment of not more than thirty years and/or a fine of not more than \$1,000,000.
- _____ I acknowledge that the lender will confirm the eligible loan amount using required documents submitted. I understand, acknowledge and agree that the Lender can share any tax information that I have provided with SBA's authorized representatives, including authorized representatives of the SBA Office of Inspector General, for the purpose of compliance with SBA Loan Program Requirements and all SBA reviews.

Signature of Authorized Representative of Applicant

Date

Print Name

Title

POTENTIAL DOWNSIDES

Potential downsides



If loan not used for approved purposes:

- Have to pay interest
- Loan not forgiven

OTHER FEDERAL FINANCE OPPORTUNITIES

Economic Injury Disaster Loan



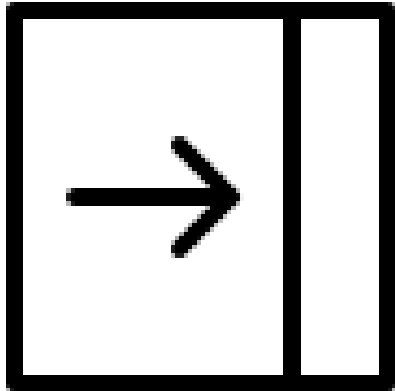
- Private nonprofits eligible
- For recovery from a declared disaster
- Advances on loans, up to \$10,000
- If forgiven, amount counts toward PPP

Employee Retention Credit



- Available to employers (1) who fully or partially suspended operations due to a COVID-19 government order, or (2) gross receipts declined by more than 50% year over year
- \$5,000 credit per employee
- Cannot do both PPP and ERC

Deferral of Payroll Taxes



- Applies to all employers
- Can defer employer share of Social Security taxes to the end of 2020
- Must be repaid 50% in 2021 and 2022
- Cannot do both PPP and the deferral

Questions and Wrap Up

Upcoming Webinars

Working Remotely and Safely

Option 1: Thursday, April 9, 2020, 11 am-12 pm PT/2-3 pm ET

Option 2: Tuesday, April 14, 2020, 1-2 pm PT/4-5 pm ET

Option 3: Wednesday, April 22, 2020, 12-1 pm PT/3-4 pm ET

Visit the Member Portal>Events to register.

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Upcoming Webinars

Flex Learning in a Virtual Environment: Managing the Moodle Room for New Users

- Option 1: Wednesday, April 8, 1-2 pm PT/4-5:30 pm ET

https://nationalcasagal.zoom.us/webinar/register/WN_M9hgVVSuQvWA3L7_NBA6iA

- Option 2: Wednesday, April 15, 1:30-3 pm PT/4:30-6 pm ET

https://nationalcasagal.zoom.us/webinar/register/WN_RzVrjwyWSFGR__SOUGFYQQ

- Option 3: Thursday, April 23, 10-11:30 am PT/1-2:30 pm

https://nationalcasagal.zoom.us/webinar/register/WN_xl7JjbN2QbSORpWkpKyEzg

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Email training@nationalcasagal.org for the more information and the registration links.



Upcoming Webinars

Substance Abuse: A Family-Centered Approach to Understanding Impact

Target Audience: CASA/GAL Staff and Volunteer Advocates

Date: Wednesday, April 22, 2020

Time: 10–11 am PT/1 –12 pm ET

Please note: this is the second in a four-part webinar series on substance abuse and opioids scheduled for 2020.

Visit the Member Portal>Events to register.

Registration link:

https://nationalcasagal.zoom.us/webinar/register/WN_8v-9hzP2QGCcjAi9SsZMww

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Thank You