



APPLYING FOR PPP AND OTHER COVID-19 FUNDING: SELECT SLIDES FOR REFERENCE

APRIL 28, 2020

PAYMENT PROTECTION PROGRAM: OVERVIEW

The Paycheck Protection Program is an emergency lending facility administered through the SBA's standard 7(a) loan program, providing loans with favorable terms to small business borrowers who have been adversely impacted by COVID-19

Overview of the program

- > The cornerstone provision of the Keeping American Workers Paid and Employed Act is the Paycheck Protection Program (PPP), an emergency lending facility administered by the SBA under its 7(a) loan program
- > The PPP is designed to provide small business loans on favorable terms to borrowers impacted by COVID-19 through a streamlined application process
- > Congress intends the PPP to accomplish two fundamental goals:
 - Help small businesses cover their near-term operating expenses during the worst of the COVID-19 crisis
 - Provide incentives for employers to retain employees

X PPP: BORROWER ELIGIBILITY AND PRODUCT TERMS

Borrower Eligibility

- > For-profit businesses, 501(c)3 nonprofits, tribal businesses, and veterans organizations with no more than 500 employees are eligible to apply
 - Sole proprietors, independent contractors and other self-employed individuals are also eligible
 - Nonprofits that receive Medicaid reimbursements are excluded from eligibility
- > Organizations must be operational on 2/15/2020 and had employees for whom it paid salaries and payroll taxes
- > Recipients are required to have good faith certification that they have been affected by COVID-19
- > Businesses in certain industries with more than one physical location and with no more than 500 employees per physical location may also be eligible

Product Terms

Amount

- > Up to \$10 million (2.5 times your payroll)

Interest rate & repayment

- > 1% interest rate
- > 2-year repayment
- > Payment deferred for first 6 months (loan will continue to accrue interest, but no payment required)
- > No fees from government / lenders
- > Loan will be forgivable if used for acceptable uses

Source: CARES Act

X PPP: ACCEPTABLE USES

It is important to use PPP for acceptable uses in order to qualify for loan forgiveness

Payroll costs	<ul style="list-style-type: none">> Typical salary costs<ul style="list-style-type: none">– Salaries– Commissions– Payment of cash tips (up to \$100,000 annually)– Income or net earnings from self-employment (Schedule-C for Sole Proprietors)> Benefits and other costs<ul style="list-style-type: none">– Employee group health care benefits, including insurance premiums– Retirement contributions– Costs for vacation, parental, family, medical or sick leave– Payment of State or local tax assessed on the compensation of employees
Other business expenses	<ul style="list-style-type: none">> Interest payments on mortgage obligations incurred before 2/15/2020> Rent under lease agreements in place before 2/15/2020> Utilities if service began before 2/15/2020> Interest on other previously incurred debt obligations



X PPP: CALCULATING YOUR MAX PPP AMOUNT

Tip: PPP Calculators exist online to support you in this

Action	Step description
Start	Total annual payroll (<i>tip: exclude any contractors; new businesses can use time period 1/1/2020-2/29/2020 and seasonal businesses can use 2/15-6/30/2019</i>)
Subtract (-)	<ul style="list-style-type: none">• Any taxes imposed or withheld• If an employee's annual salary is >\$100K, then subtract the excess over \$100K• Any compensation for an employee whose principal residence is outside the US• Qualified sick leave wages or qualified family leave wages for which a credit is allowed under Section 7001 of the Families First Coronavirus Response Act
Divide (\div)	By 12 months to get your average payroll per month
Multiply (\times)	By 2.5
Add (+)	The outstanding amount of any EIDL received between 1/31/2020 and 4/3/2020
Subtract (-)	Any EIDL "Advance" you have received
Equals (=)	Your maximum loan request

Source: Adapted from NYC SBS

X PPP: APPLICATION

- > All SBA PPP applications must be completed through a designated SBA Lender
- > Apply with your current bank if you can
- > If you do not have a banking relationship:
 - SBA lenders can be found here: <https://www.sba.gov/local-assistance/find/>
 - Open We Stand (OWS) Partners providing PPP loans are  Kabbage and 
- > The PPP application can be downloaded at <https://www.sba.gov/sites/default/files/2020-04/PPP-Borrower-Application-Form-Fillable.pdf>

Source: Adapted from NYC SBS

NEXT STEPS: RECAP OF KEY RESOURCES

> SBA lenders:

- Find a local lender at <https://www.sba.gov/local-assistance/find/>
- #OpenWeStand Partners Kabbage and PayPal

> Individualized support: Local SBDCs provide one-on-one assistance and can be found at <https://americassbdc.org/small-business-consulting-and-training/find-your-sbdc/>

> Additional resources and news:

- [OpenWeStand.org](https://openwestand.org) for partner discounts and other resources
- Follow Next Street on [LinkedIn](#) for relevant articles and news

X ABOUT THE PANELISTS

next street

Next Street is a mission-driven advisory firm revolutionizing how our clients provide capital customers, and services to small businesses and entrepreneurs.

Our work is anchored in the belief that small businesses are the engines of inclusive growth in underserved communities. While small businesses create three-fifths of new jobs across the country, many business owners struggle to find the resources they need to grow. That's why we partner with a range of public and private institutions (such as philanthropy, investors, anchors, and government) to help them drive growth for small business across the US. Learn more at www.nextstreet.com

 **GoDaddy™**



Go Daddy's #OpenWeStand initiative is for anyone who is keeping the economic health of small business top of mind in this challenging time. It's for shop owners minding their customers' and employees' safety — and for everyone who stands with small business.

The website has resources, inspiration and connection to other everyday entrepreneurs with creative solutions to keep their business open, even if their doors are closed due to COVID-19. Learn more at www.openwestand.org