

# NFIB COVID Webinar Part IV: How to Apply for a Coronavirus Small Business Loan

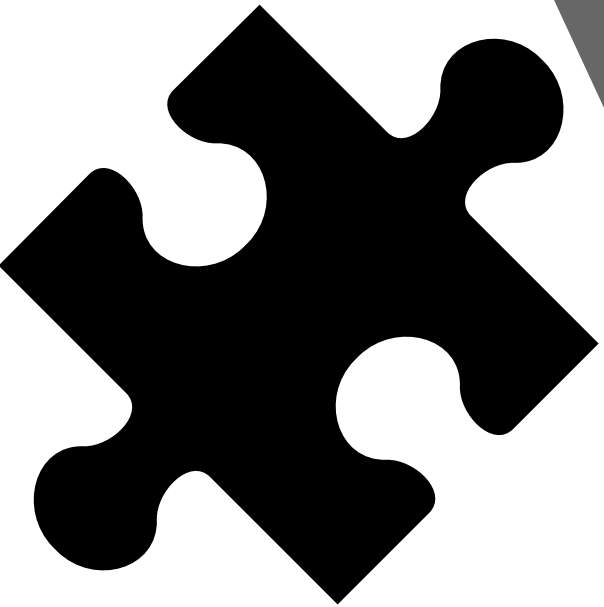
April 3, 2020



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# Overview of COVID-19 Loan Programs



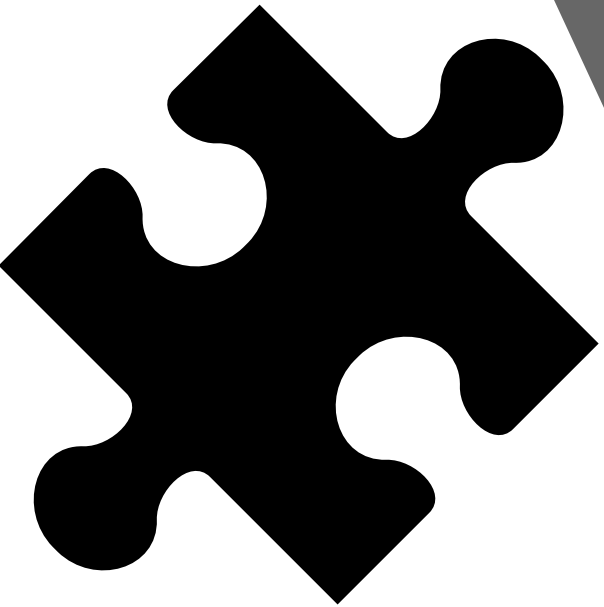
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# Paycheck Protection Loan (PPL)



# PPL – Who Can Apply?

I. Any business that was in operation as of February 15th, 2020; and

II. Is one of the following Business Types:

1. Any business with less than 500 employees that are affected by COVID-19. This includes:
  - a. Sole Proprietorships
  - b. Independent Contractors
  - c. Self-Employed Persons
  - d. Private Non-Profit Organizations
  - e. Internal Revenue Code 501(c)19 veterans organizations
2. Small Businesses in Hospitality and Food Industry with more than one location if each store employs less than 500 workers; and
3. Businesses in certain industries may have more than 500 employees if they meet the SBA's size standards for those industries.



# PPL - How to Apply?

- A copy of the application for the program may be found [here](#).
- This is NOT a program you directly apply for from the SBA.
- Consult with your local bank or financing institution to see if they are participating in this program.





# PPL - How to Apply?

If your bank or financing institution is not participating, you may apply through the following organizations:

1. Through any existing SBA 7(a) Lender. A list of SBA 7(a) Lenders may be found [here](#).
2. Through a participating Federally Insured:
  - a. Depository Institution;
  - b. Credit Union; or
  - c. Farm Credit System
3. Any other SBA approved and enrolled lender.



# When Will Loan Applications Be Processed?

- Lenders may begin processing loan applications as soon as April 3, 2020.

# What Information is Needed for the Loan Application?

1. Documentation for the average monthly payroll and average monthly full-time equivalents, based on the 12 months from April 2019 through March 2020. If you have seasonal employees, that is fine-your lender will work with you;
2. The average payroll by category: salary, hourly, commissions, vacation, sick leave, group health care (both union and non-union) and retirement contributions (both union and non-union);
3. The monthly rent (or mortgage interest) over the last 12 months;
4. The amount spent on utilities over the last 12 months;
5. The interest on mortgage and any other debt obligations that were incurred before February 15th, 2020;

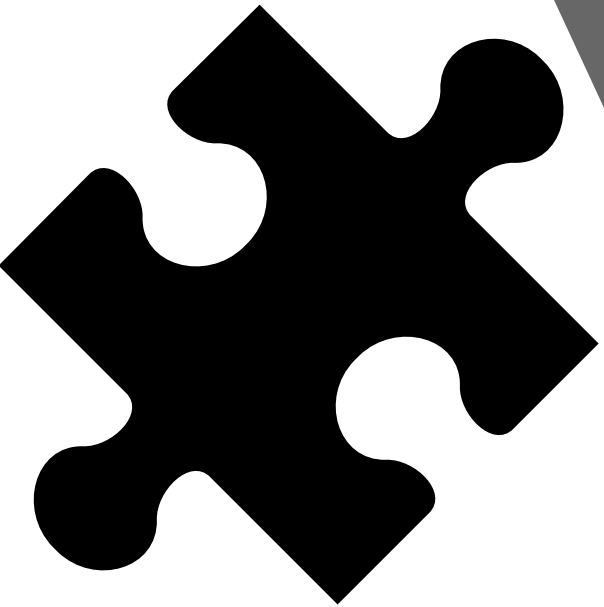


# What Information is Needed for the Loan Application?

6. The tax ID# and full legal name of each entity;
7. Ownership information to assist in evaluation of the impact of affiliate entities. For any owners who have more than a 50% ownership interest, obtain a complete listing of other entities in which they also hold more than a 50% ownership interest;
8. Documentation on any other COVID-19 relief programs you are applying for (e.g., payroll tax credits, etc.);
9. Proof your business is in good standing with the State of Maryland;  
and
10. Personal Credit Scores



# Emergency Injury Disaster Loan (EIDL)



## EIDL – Who Can Apply?

- To be eligible for EIDL assistance, small businesses or private non-profit organizations must have sustained economic injury.
- Sole proprietors and single member LLCs are eligible for SBA funding.
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## EIDL – How to Apply?

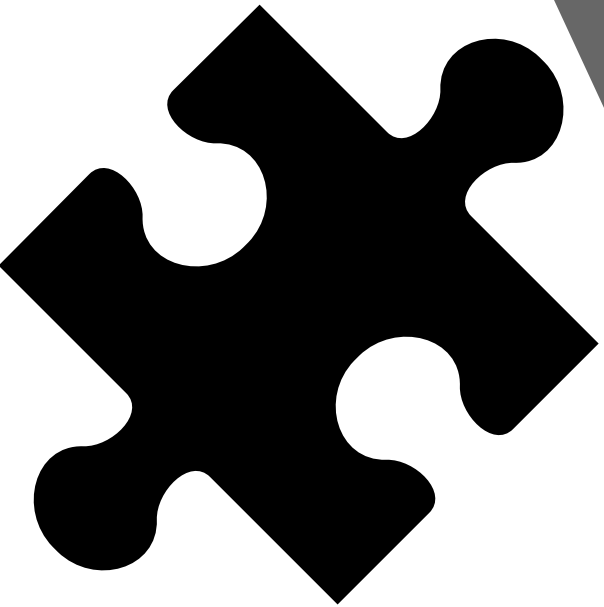
- Apply online on the SBA's website [here](#).
- **Note the COVID-19 EIDL requirements differ from other SBA EIDL in the past.** The process has been shortened to a quick and easy initial application which takes about 30 minutes to complete and can qualify you for a \$10,000 advance of funds in about three business days.

# When Will Loan Applications Be Processed?

- Provided that you applied after 3/30 on the new quick portal, if you checked that you are interested in getting the \$10,000 advance you should have the first \$10,000 in about three days. As for the rest of the funds the SBA should reach out to you for additional documents and information within 21 days.



# Relationship Between Programs



# What are the EIDL, PPL, and FFCRA rules on double-dipping?

- Those who received an Economic Injury Disaster Loan to cover cost other than those covered by the Paycheck Protection Program are not barred from applying to the Paycheck Protection Program. One can receive loans under both programs. However, **one cannot use the proceeds of both loans for the same business purposes.**

# What are the EIDL, PPL, and FFCRA rules on double-dipping?

- Many people may have taken out an Economic Injury Disaster Loan on or after January 31, 2020 to cover cost that are would otherwise become tax-free forgivable debt under the Paycheck Protection Program. This was done because at the time those took out an Economic Injury Disaster Loan, the Paycheck Protection Program did not exist. If this situation applies to you, **you may be able to refinance eligible parts of the EIDL with a Paycheck Protection Program loan.** Please talk with your financial advisor and lending partner for more details.

# What are the EIDL, PPL, and FFCRA rules on double-dipping?

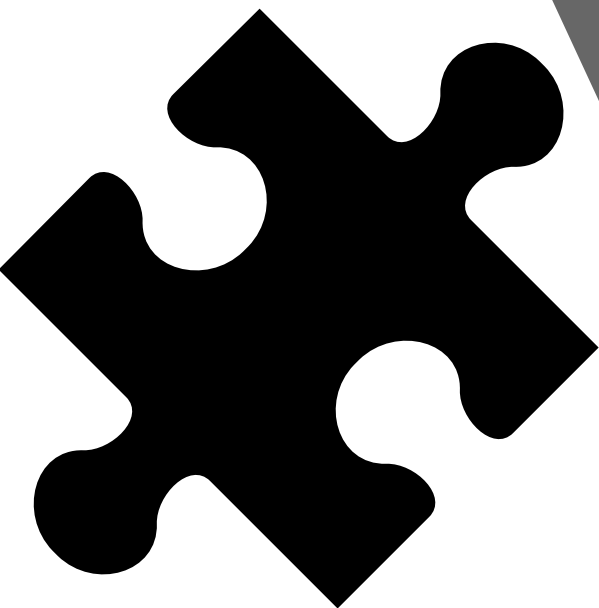
- Many people are utilizing the Payroll Tax Credit Program created through the Families First Coronavirus Response Act to cover the cost associated with providing Paid Leave and Paid Family Leave for COVID-19 related matters. You can obtain a Paycheck Protection Program loan and utilize the Payroll Tax Credit Program. However, **you cannot use Paycheck Protection Program loan proceeds to cover the same cost covered through the Payroll Tax Credit Program of the Families First Coronavirus Response Act.**

# What are the EIDL, PPL, and FFCRA rules on double-dipping?

6. The tax ID# and full legal name of each entity;
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Other Assistance



# Payroll Tax Relief



# FFCRA Paid Leave Reimbursement

- If an employer is paying out more in COVID-19-required leave than its payroll tax liability, "[the employer can immediately file for a refund](#) on forms that the IRS expects to issue" shortly, according to law firm Hanson Bridgett. The IRS expects to process these refunds within two weeks under a new, expedited procedure.
- Eligible employers will be able to claim these credits based on qualifying leave they provide between April 1 and Dec. 31, 2020. Equivalent credits are available to self-employed individuals who become ill or must care for a family member.
- Eligible employers can now use [Form 7200, Advance Payment of Employer Credits Due to COVID-19](#), to request an advance payment of tax credits. Employers must retain records supporting each employee's leave to substantiate the claim for receiving payment of the advance credit, see [How to Claim the Credits](#) on the IRS website.





# SBA Debt Relief Program

As a reprieve to small business owners, the SBA is providing the following debt relief:

1. The SBA will pay the principal and interest of current SBA 7(a) loans for a period of six months.
2. The SBA will also pay the principal and interest of new SBA 7(a) loans, including Paycheck Protection Program loans, issued prior to September 27, 2020.



# SBA Express Bridge Loans

- This program allows small businesses who currently have a business relationship with an SBA Express Lender to access up to \$25,000.00. These loan funds can be used to help overcome the temporary loss of revenue a business owner is experience. These loans can be term loans or serve as bridge financing while a business waits for a decision and/or disbursement of an Economic Injury Disaster Loan.
- Find an Express Bridge Loan Lender by connecting with your [local SBA District Office](#).



# Other Assistance

1. Support in preparing program applications for this and other Small Business Administration programs to address COVID-19 related challenges to your business is provided by some [Small Business Development Centers \(SBDC\)](#) or your [local SCORE chapter](#).
2. If you need assistance in preparing financial documentation to support your application, reach out to your payroll servicers and benefits providers for additional details regarding payroll related cost.

# Other Assistance

3. If your business is an LLC or Corporation-to determine if your business is in good standing, please check with your secretary of state. If you are not in good standing, please consult a business attorney or advisor with experience in helping business owners get back in good standing with your state.
4. The SBA has a hotline to help answer questions **1-800-659-2955** it is manned from 7:00AM to 9:00PM 7 days a week.
5. Finally, please consult your accountant, financial advisors, SBA advisors and bankers to determine the right set of programs for your business.



# Additional Information

## **NFIB:**

<https://www.nfib.com/content/analysis/coronaviruss/latest-on-coronavirus-from-nfib/>

## **U.S. Department of Treasury**

<https://home.treasury.gov/policy-issues/top-priorities/cares-act/assistance-for-small-businesses>

## **Small Business Administration (SBA):**

<https://www.sba.gov/disaster-assistance/coronavirus-covid-19>

## **Department of Labor (DOL):**

<https://www.dol.gov/agencies/whd/pandemic>



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