

# CARES Act: Small Business Loan: Payroll Protection Program *PPP*

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Last updated 4/16/2020

# Agenda

- I. Overview of CARES Act
- II. What is the Payroll Protection Program?
- III. Eligibility
- IV. How to Apply
- V. Issues and Concerns
- VI. Additional Resources

# I. What is the CARES Act?

- Due to Covid-19 restaurants, shopping centers, and many other small businesses have been closed or have reduced their operations. This has caused millions of small businesses to lose income. The CARES Act is a relief bill passed by the U.S. congress that helps these individuals and businesses affected by the COVID-19 pandemic.
- The CARES act includes the Payroll Protection Program (PPP) that provides federal loans to small businesses.
- Importantly, these PPP loans may be forgiven if borrowers maintain their payrolls during the crisis or restore their payrolls afterward.

# Latest Update

- As of 4/16/2020, many news outlets have reported that the money for the PPP has run out.
- Congress is working to provide more money for the program. There is not timeline for when this will be done.
- At this time, you should call and check with your bank to see if you can still file your PPP application.

# What is the Payroll Protection Program (PPP)?

- **What-** \$350 billion to help small businesses keep workers employed
- **How much-** Max loan size is \$10million (or **2.5 times your payroll**)\*
- **Who-** Administered by SBA-approved banks
- **When-** You can **start applying April 3, available up to ~June 30~**
- The loans may be forgiven if borrowers maintain their payrolls during crisis or restore payrolls afterwards (“due to likely high subscription, at least 75% of forgiven amount must have been used for payroll”)

# What is the Payroll Protection Program (PPP)?

**The PPP loan can be used for:**

- Payroll costs
- Rent and utility payments
- Interest on other debt obligations incurred before February 15, 2020

# Who Is Eligible for the Payroll Protection Program?

- **Small business** or **501(c)(3)** (ie: nonprofit) with **fewer than 500 employees** (full time, part time, or temp)
- Individual who is **sole proprietor** or **independent contractor** or **self employed** who regularly carries out any trade/business
- **Tribal business** or **501(c)(19) Veterans organization** that meets SBA size standard

# What You Will Need- *Act Now*

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- Application
- Business TIN (EIN/SSN)
- Calculation for monthly payroll
- Purpose of loan

# How to Apply

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1. You can submit your PPP application to any participating lender or through any federally insured depository institution, credit union, or Farm Credit System institution that is participating. To find a list of lenders visit:  
<https://www.sba.gov/paycheckprotection/find>
2. Gather supporting necessary documentation as specified in application.




## Paycheck Protection Program Borrower Application Form

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

<b>Check One:</b> <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	<b>DBA or Tradename if Applicable</b>		
<b>Business Legal Name</b>			
<b>Business Address</b>		<b>Business TIN (EIN, SSN)</b>	<b>Business Phone</b>
			(   )   -
		<b>Primary Contact</b>	<b>Email Address</b>

 Average Monthly Payroll:	\$	x 2.5 + EIDL, Net of Advance (if Applicable) Equals Loan Request:	\$	Number of Employees:	
Purpose of the loan (select more than one):					
<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

# How do I calculate my average monthly **PAYROLL COSTS?**




sum of  
**INCLUDED**  
payroll costs

—


sum of  
**EXCLUDED**  
payroll costs

=

**PAYROLL  
COSTS**

 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"/>

## 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.

# Issues and Concerns We Currently Know About

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- The funds for the program may be running out.
- The timeline for approval is not yet clear; seems to differ among approved banks
- SBA-approved banks are administering this program  
(Check with your bank to determine if it is an approved SBA lender)
- Check to clarify if qualifying payroll is net or gross
- Unclear whether non-essential industries are included (ie: bars/restaurants)

# Reviews and Experiences of Others

# Additional Resources

## **Expanded Economic Injury Disaster Loan (EIDL) (SBA 7(b))**

- a) Both for-profit and private nonprofit, longer coverage period
- b) Up to \$2 million (advances \$10,000 paid within 3 days)
- c) For paid sick leave, payroll, increased costs from disrupted supply chain, mortgage, debt service
- d) For businesses which employ immigrants whose status may be uncertain, Bet Tzedek Legal Services may be able to provide assistance

## **Mid-size Loan (application not yet available)**

- a) To be created by Treasury Department to fill gap for organizations between 500 to 10,000 employees
- b) Goal is to retain 90% of workforce at full wages/benefits through 9/30/20

# Additional Resources

- **Los Angeles City Small Business Emergency Microloan Program**
  - \$11 Million being put towards no-fee microloans of \$5,000 to \$20,000
  - Varying interest rate options depending on loan term (18 months to 5 years)
- **For more info call EWDD Emergency Microloan Management Team at 213-744-7130**
  - Toolkit:  
[https://ewddlacity.com/images/business/COVID19BusinessResilienceToolkit\\_v4.pdf](https://ewddlacity.com/images/business/COVID19BusinessResilienceToolkit_v4.pdf)
  - <https://ewddlacity.com/index.php/microloan-program>



# Workers Impacted.

## Benefits for Workers Impacted by COVID-19

Program	Why	What	Benefits	More Information	How to File
<b>Disability Insurance</b>	If you're unable to work due to medical quarantine or illness related to COVID-19 (certified by a medical professional)	Short-term benefit payments to eligible workers who have a full or partial loss of wages due to a non-work-related illness, injury, or pregnancy.	Approximately 60-70 percent of ages (depending on income); ranges from \$50-\$1,300 a week for up to 52 weeks.	Learn more about your eligibility for <a href="#">Disability Insurance</a> at <a href="#">www.edd.ca.gov</a>	<a href="#">File a Disability Insurance claim</a>
<b>Paid Family Leave</b>	If you're unable to work because you are caring for an ill or quarantined family member with COVID-19 (certified by a medical professional)	Up to six weeks of benefit payments to eligible workers who have a full or partial loss of wages because they need time off work to care for a seriously ill family member.	Approximately 60-70 percent of wages (depending on income); ranges from \$50-\$1,300 a week for up to 6 weeks.	Learn more about your eligibility for <a href="#">Paid Family Leave</a> at <a href="#">www.edd.ca.gov</a>	<a href="#">File a Paid Family Leave claim</a>
<b>Unemployment Insurance</b>	If you have lost your job or have had your hours reduced for reasons related to COVID-19	Partial wage replacement benefit payments to workers who lose their job or have their hours reduced, through no fault of their own.	Range from \$40-\$450 per week for up to 26 weeks.	Learn more about your eligibility for <a href="#">Unemployment Insurance</a> at <a href="#">www.edd.ca.gov</a>	<a href="#">File an Unemployment Insurance claim</a>
<b>Paid Sick Leave</b>	If you or a family member are sick or for preventative care when civil authorities recommend quarantine	The leave you have accumulated or your employer has provided to you under the Paid Sick Leave law.	Paid to you at your regular rate of pay or an average based on the past 90 days.	Learn more about your eligibility for <a href="#">Paid Sick Leave</a> at <a href="#">www.edd.ca.gov</a>	If accrued sick leave is denied, <a href="#">file a Wage claim</a>
<b>Workers' Compensation</b>	If you are unable to do your usual job because you were exposed to and contracted COVID-19 during the regular course of your work, you may be eligible for workers' compensation benefits.	Benefits include temporary disability (TD) payments, which begin when your doctor says you can't do your usual work for more than three days or you are hospitalized overnight. You may be entitled to TD for up to 104 weeks. TD stops when either you return to work, your doctor releases you for work, or your doctor says your illness has improved as much as it's going to.	TD generally pays two-thirds of the gross wages you lose while you are recovering from a work-related illness or injury, up to maximum weekly amount set by law. In addition, eligible employees are entitled to medical treatment and additional payments if a doctor determines you suffered a permanent disability because of the illness.	Learn more about your eligibility for <a href="#">Workers' Compensation</a> benefits at <a href="#">www.edd.ca.gov</a>	<a href="#">File a Workers' Compensation claim</a>

Program	Why	What	Benefits	More Information	How to File
<b>L.A. County Department of Public Social Services</b>	If you are experiencing economic hardship and are in need of assistance to obtain essential services such as healthcare and financial support.	Programs and services include cash assistance, employment and job referral programs, in-home supportive services, CalFresh food purchasing assistance, child care, and access to Medi-Cal programs.	The Department provides temporary financial assistance and employment services, free and low-cost health care insurance for families, food benefits for families and individuals, etc.	Contact L.A. County Department of Public Social Services at <a href="#">lacounty.gov</a> for more information	Apply for benefits online at <a href="#">dpsps.lacounty.gov</a> .

# Businesses Impacted.

## Benefits for Workers Impacted by COVID-19

Program	Why	What	Benefits	More Information	How to File
<b>LA BusinessSource Centers</b>	If you are in need of business and loan packaging consultation.	Free business consulting and loan packaging for Los Angeles City businesses.	One-on-one consulting available in-person, by phone, and email.	Contact BusinessSource Center near you. <a href="http://LABusinessSource.org">LABusinessSource.org</a>	Contact BusinessSource Center near you. <a href="http://LABusinessSource.org">LABusinessSource.org</a>
<b>City of Los Angeles Emergency Microloan</b>	If your business has been impacted by COVID-19 and is in need of working capital to continue operations.	The City provides microloans to businesses experiencing financial difficulty during this local emergency.	Emergency microloans for small businesses in the City of Los Angeles	Contact the City of L.A. Economic and Workforce Development Dept. for more information <a href="http://ewddlacity.com">ewddlacity.com</a>	File a City Emergency Loan Application <a href="http://ewddlacity.com">ewddlacity.com</a>
<b>SBA Disaster Assistance</b>	If you are in need of economic support to help overcome the temporary loss of revenue.	Low interest disaster loans to help business recover from declared disasters.	SBA's Economic Injury Disaster Loans offer up to \$2 million in assistance. The interest rate is 3.75% for small businesses.	Learn more about your eligibility for SBA Disaster Assistance <a href="http://www.sba.gov">www.sba.gov</a>	File an SBA Disaster Loan application <a href="http://www.sba.gov">www.sba.gov</a>
<b>Jewish Free Loan Program</b>	If you are a business or individual with urgent financial needs.	Jewish Free Loan offers interest-free loans on a non-sectarian basis to those affected by Coronavirus.	Loans up to \$10,000 can be turned around in a matter of days. No fees. No interest.	Please visit <a href="http://www.jfla.org">www.jfla.org</a> for additional information.	Please visit <a href="http://www.jfla.org">www.jfla.org</a> to fill-out a pre-loan application.
<b>CA iBank Disaster Relief Loan Guarantee Program</b>	If your business is experiencing capital access barriers in light of a declared disaster.	Provides loan guarantees and direct loans for small businesses.	Loans up to \$20 million; max guarantee \$1 million, guaranteed up to 7 years (term can be longer); and guarantees up to 80% – 95% of loan.	Please visit <a href="http://www.ibank.ca.gov">www.ibank.ca.gov</a> for additional information.	Please visit <a href="http://pcrcorp.org/california-small-business-loan">pcrcorp.org/california-small-business-loan</a> .
<b>CA iBank Jumpstart Loan Program</b>	If you are a low-to-moderate income (LMI) business owner or operate a business in a LMI community.	Provides microloans, technical assistance and financial literacy training.	Loan amounts range from \$500 to \$10,000. Term up to 5-years, fully amortized.	Please visit <a href="http://www.ibank.ca.gov">www.ibank.ca.gov</a> for additional information	Please visit <a href="http://www.ibank.ca.gov">www.ibank.ca.gov</a> to apply.

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Thank you, contact (facilitator) if you have questions