

CARES Act

PRESENTED BY COIPA

MODERATOR: ANGELA SANFORD



Agenda Overview

- Welcome
- COCC – Small Business Development Center (SBDC)
 - Lisa Kyle, Capital Access Team Regional Advisor
- COIC – WorkSource Oregon
 - Dana Dunlap, Adult Programs Manager
- State of Oregon Business Oregon
 - Thomas Schnell, Business Finance Officer

COCC

Small Business Development Center

PRESENTED BY LISA KYLE, CAPITAL ACCESS
TEAM REGIONAL ADVISOR



Benefits of the Federal Lending Programs for Small Business Owners

April 14, 2020

Lisa Kyle – Capital Access Team Advisor

Central Oregon Community College – Small Business Development Center



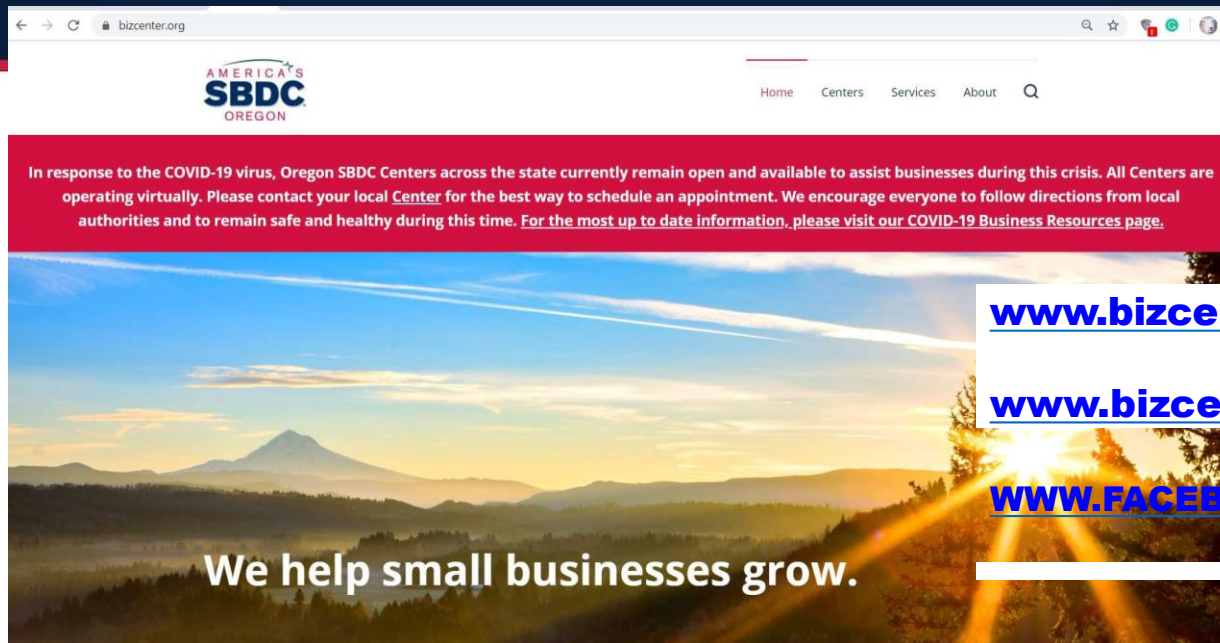
THANK YOU TO THE SBDC NETWORK & OUR FUNDING PARTNERS



★ 19 Center locations ● 24 Satellite offices



COVID-19 RESOURCES



www.bizcenter.org/covid-19/

www.bizcenter.org/centers/

[WWW.FACEBOOK.COM/COCOSBDC](https://www.facebook.com/COCOSBDC)

TODAY'S AGENDA

- SBA Economic Injury Disaster Loan (EIDL)
- SBA Paycheck Protection Program (PPP)
- Quick overview: SBA Loan Debt Relief & Express Bridge Loan (EBL)

CAVEATS

- What is included here is what we know right now.
- This is intended to be for informational purposes only. Official information is what is published by the government.
- This situation is fast moving and further guidance from Federal and State governments will be forthcoming. Changes will happen so know that those in the 'messenger' seat are doing the best they can.
- We are in uncharted waters, the situation is fluid, the programs are new and there are still unanswered questions.
- **You should always consult with your CPA, attorney and banker before making any major decisions.**

Economic Injury Disaster Loan (EIDL)

What is an EIDL?

- It is a direct loan from US Treasury via US Small Business Administration
- The intent of EIDL is to provide working capital for operating expenses due to temporary loss of revenue or economic injury.
- You can request a loan advance of up to \$10,000 (calculated as \$1,000 per employee, up to \$10,000)

EIDL:

What's this about a \$10,000 Grant?

- At the end of the application, there is a box to check:
"I would like to be considered for **an advance of up to \$10,000**"
- This is considered an emergency advance. SBA states that "this loan advance will not have to be repaid." It will be deducted from the original EIDL loan amount. Advance must be used for eligible uses
- If you receive a PPP loan (more later) and it is forgiven, the amount to be forgiven will be reduced by the amount of your forgiven emergency EIDL advance

<https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/economic-injury-disaster-loan-emergency-advance>

EIDL: Who can get one?

- Small businesses* typically with fewer than 500 employees, non-profits, owners of rental property, sole proprietors and independent contractors in business since January 31, 2020. Also tribal small businesses, cooperatives and others.
- Ineligible: agricultural enterprises, gambling (more than 30% of revenue from legal gambling), owners of unimproved real estate, adult entertainment and cannabis businesses (hemp exceptions?), see application for others
<https://covid19relief.sba.gov/#/>
- <https://sba.gov/size-standards/> *small business size standards
- <https://bizcenter.org/covid-19/> more detail on who is eligible

EIDL: What can I use the funds for?

- Working capital for operating expenses due to loss of revenue or economic injury. Includes:
 - Fixed debt payments,
 - Payroll
 - Mortgage
 - Rent
 - Lease payments
 - Payments on short term debt
 - Accounts payable
 - Bills
- Not to be used for business expansion

EIDL: How is the loan structured?

- Loan Amount: up to \$2,000,000
- Interest rate: 3.75% for small businesses, 2.75% for non-profits
- Loan term: up to 30 years, determined on case-by-case basis
- Payment deferral up to one year (interest still accrues)
- No personal guarantee on loans up to \$200,000
- Collateral: required for loans over \$25,000. Applicant will not be declined solely

on the basis of lack of collateral but SBA will require whatever collateral is available

- No cost to apply and no obligation to accept a loan
- Criteria:
 - Acceptable personal credit history
 - Demonstrate ability to repay

EIDL: Stuff to remember

- EIDL is not a grant and is not forgivable
- You can refinance an EIDL loan made 1/31/20 – 4/3/20 with PPP (see PPP)
- If EIDL funds are used for payroll, and you get a PPP loan (more later), those PPP funds must be used to refinance the payroll portion of your EIDL loan
- It is possible to use EIDL funds for payroll in April and PPP funds for May and June (it all depends on loan timing)

EIDL: How to get an EIDL Loan

- Apply directly on-line at:

<https://covid19relief.sba.gov/#/>

- Note: the on-line application is fairly simple; additional documentation may be requested by SBA
- Additional documentation may include a form 413 - personal financial statement of the owner(s) and a form 2202 – schedule of liabilities of the business. Other information may also be requested.

Paycheck Protection Program (PPP)

What is a PPP Loan?

- The Paycheck Protection Program (PPP) authorizes up to \$349 billion in forgivable loans to small businesses during the COVID-19 crisis
- It is intended to provide economic relief to small businesses adversely affected by COVID-19
- It is funded and originated by the banks but guaranteed 100% by the Small Business Administration (SBA)
- Applications can be submitted through June 30, 2020 or until funds allocated are exhausted

PPP: Who can get one?

- PPP is for small businesses with fewer than 500 employees with some exceptions – see SBA size standards link:
<https://sba.gov/size-standards/>
- Other eligible businesses include: 501(c)(3) non-profits, sole proprietorships, independent contractors, self-employed, tribal businesses, 501(c)(19) veterans organizations, franchises and others. See PPP Fact Sheet for more detail at:
<https://bizcenter.org/covid-19/>
- Borrower must have been in operation on Feb. 15, 2020

PPP: Who cannot get a PPP?

- Ineligible businesses include:
 - Businesses engaged in illegal activity under federal, state or local law (cannabis warning), some others as determined by SBA
 - Household employers (you have a nanny, staff, etc.)
 - Any previous delinquencies or defaults on a federal loan in the last 7 years, causing loss to the government
 - An owner of 20% or more of the equity of the applicant business is incarcerated, on probation or parole, presently subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction; or has been convicted of a felony within the last five years.

PPP: How does it work?

- Loan funds must be used for eligible expenses which include payroll costs, interest on long or short term debt incurred before 2/15/2020, rent under a lease agreement in force before 2/15/2020, utilities and other costs for which services began before 2/15/2020.
- Eligible expenses can also include refinancing an EIDL loan that was made between 1/31/2020 and 4/3/2020. If your EIDL loan was used for payroll costs, your PPP loan must be used to refinance your EIDL loan.

PPP: What is included in payroll costs?

- Payroll costs include:
 - Salaries, wages, commissions, or similar compensation
 - Cash tips or equivalent
 - Payments for vacation, parental, family, medical, or sick leave
 - Allowances for dismissals or separations
 - Payments for group health care benefits, including insurance premiums
 - Retirement benefits
 - State or local taxes assessed on employee compensation
 - For a sole proprietor or independent contractor: wages, commissions, income or net earnings from self employment or similar compensation

PPP: What's not included in payroll costs?

- Excluded payroll cost:
 - The compensation of an individual employee in excess of an annual salary of \$100,000, prorated as necessary
 - Any compensation of an employee whose principal place of residence is outside the U.S.
 - Federal employment taxes imposed or withheld between 2/15/2020 and 6/30/2020, including the employee's and employer's share of FICA, Railroad Retirement Act taxes, and income taxes required to be withheld from employees
 - Qualified sick or family leave wages for which a tax credit is allowed under the Families First Coronavirus Response Act
 - **Exclude any independent contractors as employees – they have the ability to apply for their own PPP**

PPP: How much can I borrow?

HOW MUCH CAN I BORROW?

- Up to two months of your **eligible average monthly payroll costs** from the last 12 months (or 2019) PLUS an additional 25% of that amount, capped at \$10 million.
- Your maximum loan amount may be subject to slightly different limitations if your business wasn't operating between February 15, 2019, and June 30, 2019 or if you are a seasonal business. See the SBA application form 2483 (04/20) (link on a later slide)
- You can also add the outstanding amount of an EIDL loan made between 1/31/20 and 4/3/20, less the amount of any emergency advance.


$$\begin{array}{|c|} \hline \text{sum of} \\ \text{INCLUDED} \\ \text{payroll costs} \\ \hline \end{array} - \begin{array}{|c|} \hline \text{sum of} \\ \text{EXCLUDED} \\ \text{payroll costs} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{PAYROLL} \\ \text{COSTS} \\ \hline \end{array}$$

PPP: Tell me about loan forgiveness

- When you receive the loan funds, you have **eight weeks** to spend the funds on eligible expenses
- If you use the loan to pay eligible expenses (as defined previously), the loan may be forgiven
- The amount forgiven will be reduced by the amount of any EIDL emergency advance

PPP: Loan forgiveness?

- You will owe money to your lender if you use the loan amount for anything other than payroll costs, mortgage interest payments, interest on other debt incurred before 2/15/2020, rent, and utilities payments over the 8 weeks after receiving the loan
- Not more than 25% of the forgiven amount may be for non-payroll costs.
- You will also owe money if you do not maintain your staff and payroll.
 - Number of Staff: Your loan forgiveness will be reduced if you decrease your full-time employee headcount. See PPP Fact Sheet <https://bizcenter.org/covid-19/>
 - Level of Payroll: Your loan forgiveness will also be reduced if you decrease salaries and wages by more than 25%
 - Re-Hiring: You have until June 30, 2020 to restore your full-time employment and salary levels for any changes made between February 15, 2020 and April 26, 2020.

PPP: How do I get the loan forgiven?

- Submit a request to the lender that serviced the loan for the 8-week period
- Provide documentation to verify during the covered period (the eight weeks from the date the loan is funded):
 - Your number of Full-time equivalent employees and pay rates
 - Payments on eligible mortgage, lease and utilities
- The lender will make a decision on the forgiveness within 60 days

Your loan forgiveness may be reduced if:

- You don't use the funds for payroll costs, utilities, rent, and other eligible costs
- You cut employees' salaries by more than 25% of the total wages they received in the most recent quarter before the loan period – February 15, 2020, to June 30, 2020.
- You reduce your number of FTE employees during this time period.

PPP: What if the loan isn't forgiven?

- For any amount not forgiven you will owe that money back in the form of a loan
- Loan Rate is 1%
- Term of loan: 2 Years
- Payments are deferred for 6 months; interest will accrue over that time period
- No prepayment penalties or fees

PPP: Important to know

- No collateral is required
- No personal guarantee- although **if the funds are used for fraudulent purposes, the US Government will pursue criminal charges!**
- Personal Certifications that the current economic conditions/COVID-19 justify the loan request in order for you to support ongoing operations, that you will use the funds to retain your employees and maintain payroll or make mortgage, lease, and utility payments and that you don't have an application already pending for this type of loan or have already received such a loan.

PPP: Other considerations

- You may only take out one PPP loan
- The SBA has waived the usual SBA requirement that you try to obtain some or all of the loan funds from other sources
- You can apply for both a paycheck protection (PPP) loan AND an Economic Injury Disaster Loan (EIDL)
- If you receive a PPP loan, you're disqualified from claiming the employee retention tax credit.
- If the SBA grants your loan forgiveness request, you will not qualify for deferred payroll taxes

PPP – How do I apply?

- It is best to start with a lender with whom you have an existing relationship
- Starting April 3, 2020, small businesses and sole proprietorships can apply
- Starting April 10, 2020, Independent Contractors and Self-Employed Individuals can apply
- Loans are available until June 30, 2020 – but there is a funding cap so ASAP
- A list of participating lenders is available at:
<https://www.merkley.senate.gov/mainstreet>

PPP: What will I need to have ready when I apply?

- Complete the Paycheck Protection Program loan application and submit the application with the documentation requested by your lender
- PPP application: <https://home.treasury.gov/policy-issues/top-priorities/cares-act/assistance-for-small-businesses>
- **Note:** Some lenders have forms on-line and require on-line submission
- You will need to provide your lender with payroll documentation including tax filings, 1099s and details of income and expenses for Independent Contractors and Sole Proprietorships.

How is PPP different from EIDL?

- **No personal guarantee or business collateral is required.** The SBA disaster loan (EIDL) may require collateral for loan amounts over \$25,000 or a personal guarantee for loans over \$200,000
- **It's ok if you also have access to credit elsewhere.**
- **Your PPP loan can be forgiven if you follow the terms.** The SBA disaster loan (EIDL) requires repayment (less the emergency advance)
- **PPP loans cover a more restrictive set of eligible costs.** The SBA disaster loan can cover most operating expenses.
- **Apply for a PPP with a lenders vs. EIDL is directly with the SBA.**

SBA Loan Debt Relief:

What is it and how does it work?

- Payment relief for existing SBA borrowers who have current (not past due) 7(a), 504 or Microloans
- SBA will pay directly to the lender six months of payments, including principal, interest and fees
- SBA will also pay principal and interest on new 7(a) loans issued prior to Sept. 27, 2020.
- Payments begins with first payment due after March 27, 2020
- This does NOT include any disaster loans made under PPP
- Other disaster loans receive automatic payment deferral through 12/31/2020

SBA Loan Debt Relief:

What is it and how does it work? (continued)

- Lenders will need to provide to SBA the gross monthly loan amount due (both guaranteed and un-guaranteed portions) asap
- SBA will pay the first loan payment to Lender within 30 days of the first loan payment due date after March 27, 2020
- If Lender receives a payment from the borrower, it must inform borrower that they have the option of Lender returning the money or applying the funds to reduce loan balance
- It is a good idea to confirm with your lender that this is actually occurring
- If you have an existing disaster loan with automatic payments, it is your responsibility to cancel the payments and then re-establish later

SBA Express Bridge Loan Pilot Program (EBL)

What is it and how does it work?

- Program modifies traditional SBA 7(a) Express program lending criteria to require less paperwork from borrowers
- **Only existing SBA Express Lenders may offer this to borrowers with existing business relationships (established on or before March 13, 2020) with the Lender**
- Purpose of the loan is to be a temporary bridge while waiting for an EIDL loan
- Maximum loan amount: \$25,000
- Only one EBL is allowed

SBA Express Bridge Loan Pilot Program (EBL)

What is it and how does it work? (continued)

- Maximum interest rate of WSJ Prime + 6.5%
- Maximum term of 7 years
- Collateral not required
- Fees paid by borrower: 2% SBA guaranty fee, application fee of 2% or \$250 (whichever is greater), late payment and out of pocket costs
- Loan to be repaid by the EIDL loan
- Lenders to follow all other SBA 7(a) eligibility and normal underwriting guidelines
- Apply with your Express Lender

Brief Timeline:

- March 6, 2020: Phase I: H.R. 6074; Coronavirus is deemed a disaster and SBA's "Disaster Loans Program" may be used to make economic injury disaster loans (EIDL)
- March 18, 2020: Phase II: H.R. 6201; Families First Coronavirus Response provides paid leave and establishes free testing, protects public health workers, and provides other benefits to children and families.

Timeline (continued)

- March 27, 2020: Coronavirus Aid, Relief, and Economic Security (CARES) Act establishes Paycheck Protection Program (PPP), more money for EIDL and money for SBA Debt Relief (dispenses with normal 30-day delayed effective date)
- April 2, 2020: PPP guidelines “Interim Final Rule” delivered to Lending Institutions
- April 3, 2020: PPP applications will be accepted by lenders from small businesses and sole proprietorships (one week after the law is passed!)
- April 10, 2020: Independent contractors and Self-employed individuals can apply to lenders for PPP

Helpful websites

- Local resources: <https://centraloregonsos.com/>
- EIDL application: <https://covid19relief.sba.gov/#/>
- PPP info and FAQ: <https://home.treasury.gov/policy-issues/top-priorities/cares-act/assistance-for-small-businesses>
- SBA programs information: <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options>
- SBDC COVID19 Resources: <https://bizcenter.org/covid-19/> (PPP & EIDL Fact Sheets and other info)
- State of Oregon Resources: <https://www.oregon4biz.com/Coronavirus-Information/>

Other helpful websites

- <https://www.aicpa.org/> accounting help for the PPP
- <https://bizcentercat.org/covid19/> other funding sources
- <https://www.sba.gov/size-standards/> SBA size standards tool
- <https://bizcenter.org/centers/> SBDC locations and contact info

Thank you!

HAVE QUESTIONS OR NEED HELP?

We are here for you. Contact us at:

Bizcenter.org | sbdc@cocc.edu | **541.383.7290**



COIC – WorkSource Oregon

PRESENTED BY DANA DUNLAP, ADULT
PROGRAMS MANAGER





WORKSOURCE EAST CASCADES

Central Oregon

Introduction to WorkSource

Resources

- ▶ Resume assistance
- ▶ Interview preparation
- ▶ Potential Scholarships
 - ▶ Training opportunities
 - ▶ Certifications
 - ▶ Continuing education

WorkSource Business Team

- ▶ Connects employers to qualified job seekers
- ▶ Job development
- ▶ Managed recruitments & listings

Service Delivery

- ▶ Via Telephone, Skype, Zoom, Email

Layoff Aversion / Rapid Response

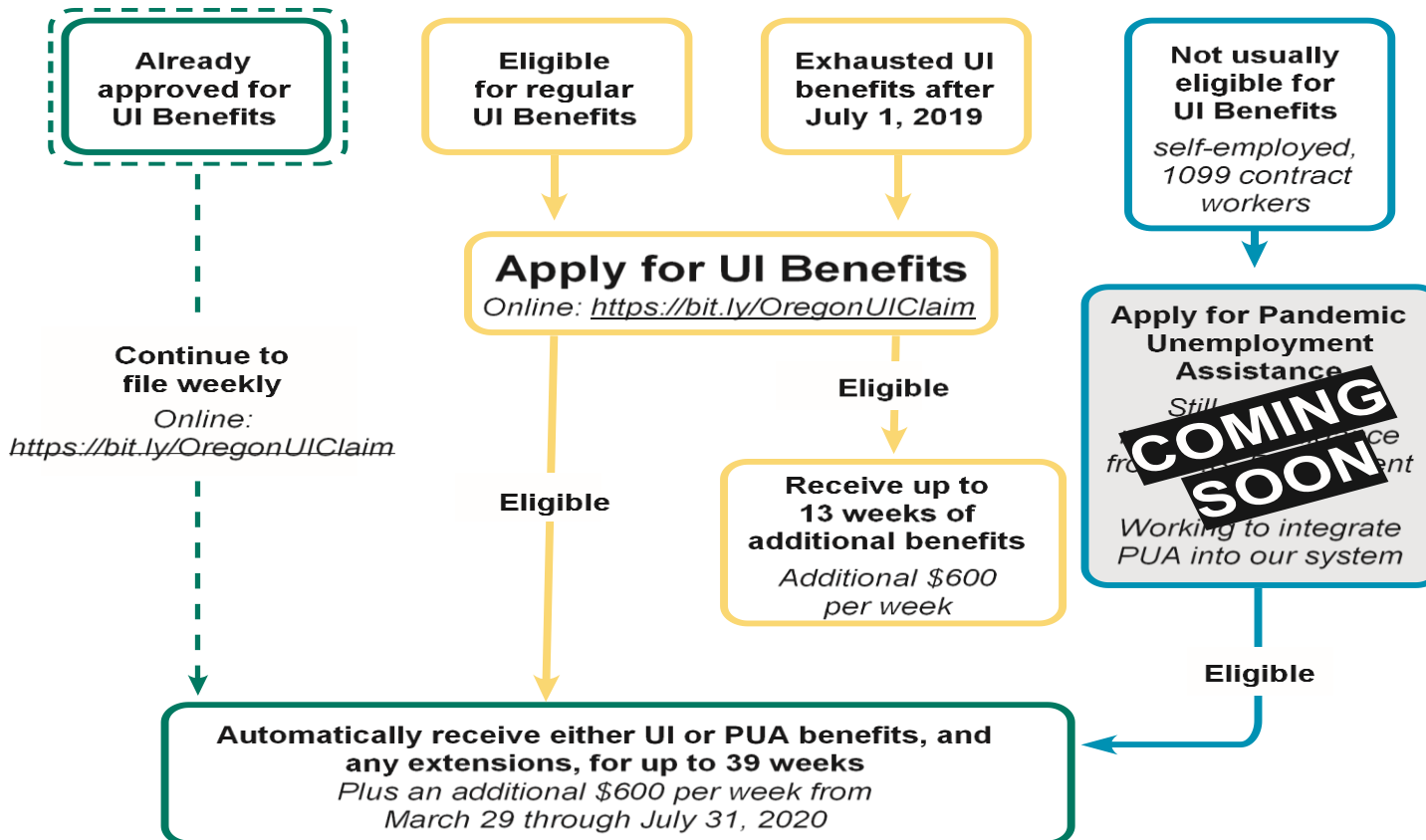
- ▶ Rapid Response Information Session
- ▶ WorkShare
 - ▶ To qualify - Employers
 - ▶ Minimum number of employees - 3 or more
 - ▶ Minimum reduction in hours worked 20%
 - ▶ Maximum reduction in hours worked 40%
 - ▶ Find more information here
 - ▶ <https://www.oregon.gov/employ/Businesses/WorkShare/Pages/Work%20Share%20Home%20Page.aspx>
 - ▶ Apply here
 - ▶ <https://www.oregon.gov/employ/Businesses/WorkShare/Pages/Program-Forms-and-Resources.aspx>

Relief For Workers Affected By Coronavirus Act

April 7, 2020

What You Need To Know And Do About The CARES Act

The federal CARES Act was signed into law March 27, 2020. The Act provides enhanced Unemployment Insurance (UI) benefits and Pandemic Unemployment Assistance (PUA) for Oregonians. Here's what you need to know.



For more information on Unemployment Insurance during the Coronavirus Emergency: https://bit.ly/OREmploy_COVID19
File online at: <https://bit.ly/OregonUIClaim>
If you cannot file online, file by phone at 1-877-FILE-4-UI

Resource Page

WorkSource Offices

- ▶ Business Team - Central Oregon 541-548-HIRE (4473)
- ▶ WS Bend 541-388-6070 and WS Redmond 541-548-8196
- ▶ WS The Dalles 541-296-5435
- ▶ To schedule a Rapid Response Session
 - ▶ Central Oregon Dana Dunlap ddunlap@coic.org or 541-388-6075
 - ▶ Hood River, Wasco, Sherman, Wheeler, Gilliam Counties mscroggs@cgcc.edu or 541-386-6300
- ▶ File for Unemployment
 - ▶ https://govstatus.egov.com/ORUnemployment_COVID19
- ▶ Follow the Oregon Employment Department's Facebook page for updates

State of Oregon Business Oregon

PRESENTED BY THOMAS SCHNELL, BUSINESS
FINANCE OFFICER



<https://www.oregon4biz.com/Coronavirus-Information/>

Small Business Navigator Hotline [833-604-0880](tel:833-604-0880)



Reference Resources

CentralOregonSOS.com Valuable resources laid out in an easy to navigate way. Please visit this site for help as an employee, employer, or community member in Central Oregon.

SBDC's COVID-19 Resource Page Small Business resources, links, and information from the Oregon Small Business Development Center are available here. (<https://bizcenter.org/covid-19/>)

Contact the SBDC Sending an email to this link will get your question to the right resource quickly. (sbdc@cocc.edu)

How to Apply for the PPP The Paycheck Protection Program is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll. See what documents you will need and how to apply for this loan. (<https://conta.cc/2K5gDYC>)

US Department of Treasury PPP Fact Sheet The Paycheck Protection Program ("PPP") authorizes up to \$349 billion in forgivable loans to small businesses to pay their employees during the COVID-19 crisis. All loan terms will be the same for everyone. (<https://bit.ly/2z1o00Z>)

US Department of Treasury PPP FAQ The most recent version of their frequently asked questions. (<https://home.treasury.gov/system/files/136/Paycheck-Protection-Program-Frequently-Asked-Questions.pdf>)

Comparing PPP and EIDL Sheet Compare the Economic Injury Disaster Loan with the Paycheck Protection Program in an easy to read PDF format. (<https://bit.ly/2XMw4x5>)

SBA Lender Finder Use this tool to find a nearby lender eligible to issue a loan under the Paycheck Protection Program. (<https://www.sba.gov/paycheckprotection/find>)

Questions & Answers

THANK YOU FOR ATTENDING!

YOU WILL RECEIVE A COPY OF THE WEBINAR AND SLIDES SOON.

IT WILL ALSO BE AVAILABLE ON COIPA'S WEBSITE.

