Paycheck Protection Program
Loan Application

Recorded Webinar
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DISCLAIMER:

This video is intended for educational purposes only. This presentation provides information about federal laws impacting small businesses and nonprofits. Legal information is not the same as legal advice (which involves applying laws to particular organizations and their circumstances).

**This presentation is not intended to provide legal or financial advice or create an attorney-client relationship.** It is always a good idea to consult with a lawyer to obtain advice about how the law should be interpreted based on your particular situation. It’s also a good idea to consult an accountant on the financial questions.

You should be aware that the rules and laws created to respond to Covid-19 are changing quickly, and information in this video may become out of date. This video was created on April 22, 2020. We have a ”PPP Updates and Supplemental Information” document to provide updates to this video available on our website.
Thank you to our partners!

Special thank you to:

Jeff Liang, Ling Liang, PLLC and Valerie Pickens, Your Financial Solutions, for sharing their experience and knowledge!
What you will learn today:

- Overview of PPP and EIDL Loans – Jeff Liang
- PPP Application – Jeff Liang
- Average Monthly Payroll Calculation – Valerie Pickens
Overview – CARES Act: 2 loan – grant programs

• Paycheck Protection Program (PPP)

• Expanded Economic Injury Disaster Loan (EIDL)

These loan grant programs are for small businesses with 500 employees or less.
Comparison

Paycheck Protection Program (PPP)
• Used for salaries, commissions, compensation, group health insurance, interest on mortgage, rent, and utilities
• The amount you receive is 250% (2.5 times) your average monthly “Payroll Costs” (see PPP calculation)
• FORGIVEN if you maintain employee headcount and payroll costs for 8 weeks after you get the loan

Economic Injury Disaster Loan (EIDL)
• Use for financial obligations and operating expenses
• If getting PPP, cannot be used for what’s covered under PPP
• Up to $2 million (supposed to get up to $200K without personal guarantee). SBA currently limiting EIDL loans up to a max of $15,000 plus Grant up to $10,000.
• No forgiveness.
Comparison (continued)

Paycheck Protection Program (PPP)
- If not forgiven:
  - Term of 2 years and 1% annual int.
  - Deferred for 6 months
- No impact on credit score

Economic Injury Disaster Loan (EIDL)
- Loan terms
  - Term up to 30 years at 3.75% interest for for-profits and 2.75% interest for non-profits
  - Deferred for 12 months
- Will reduce your credit score (hard inquiry on credit report)
EIDL Grant Impact on PPP

• EIDL provides an advance which is effectively a Grant = $1,000 per employee/owner up to $10,000 max
  ▪ Not obligated to repay Grant even if you don’t qualify
• EIDL Grant reduces PPP loan forgiveness:
  
  $30,000 PPP Loan
  -$2,000 EIDL Grant
  = $28,000 max PPP loan forgiveness
Which Program is best for your small business?

Paycheck Protection Program (PPP)
• Any for-profit, non-profit, self-employed, sole-proprietor, or independent contractor.
• No impact on credit report.
• However, make sure you understand that you need to spend the amount of PPP loan within 8 weeks of loan date to get forgiveness.

Economic Injury Disaster Loan (EIDL)
• If you really need a loan to pay for payroll costs and operating expenses after you spend your PPP funds.
• Less attractive if you have less than 10 employees/owners b/c don’t get the $10K max Grant.
• Also Grant reduces amount of PPP loan forgiveness.
• Remember, will reduce your credit score.
Prepare Now!

• The first round of funding has already been depleted for the PPP.
• We expect Congress to appropriate another $310 billion dollars for a second round of PPP funding.
• The money will go fast again, so it’s important to be prepared and ready to go.
• Contact your bank (but will need to meet their requirements), PayPal, Intuit and get their application and list of supporting documents to prepare now.
TIPS TO APPLY FOR THE PPP

**STEP 1**: Find a PPP lender
- Check with your bank where you have a business account
  - If no bus. acct., ask if you are required to have a business account
- **PayPal** (non-bank option)
- **Intuit** (non-bank option)

**STEP 2**: Complete (click on link below):
- **PPP Application form** (as of 4/20/20)
- Payroll Cost Calculator (see other video) or use one of these spreadsheets:
  - **Self-employed**
  - **All others (in business 2/15/19 to 6/30/19)**
TIPS TO APPLY FOR THE PPP

STEP 3 (Corporation and Non-Profit Corporation): Gather the following corporate documents (PDFs):

- Articles of Incorporation
- Initial Annual Report
- Bylaws
- Business Licenses
- EIN letter from IRS
- (Non-profits) Get a Board Consent to authorize borrowing
- Bank might require additional documentation
TIPS TO APPLY FOR THE PPP

STEP 3 (LLC): Gather the following LLC documents (PDFs):

- Certificate of Formation
- Annual Report
- Operating Agreement (aka LLC Agreement)
- Business Licenses
- EIN letter from IRS
- Bank might require additional documentation
TIPS TO APPLY FOR THE PPP

STEP 3 (Sole Proprietor – No Entity):

- Business Licenses
- EIN letter from IRS (if you got one, otherwise you will use your SSN)
- Bank might require additional documentation
How to download your documents?

1. Click here [https://www.sos.wa.gov/corps/](https://www.sos.wa.gov/corps/)
2. Click on “Business Search” and a new window will appear
3. Ignore the Customer Login boxes
4. Look for “Corporation Search”
5. Enter the name of your entity and elect “Search”
6. Click on your entity name (Continued on next slide)
How to download your documents? (continued)

7. A window titled “Business Information” should open with your entity’s address and other info:

8. At the bottom, click on “Filing History”

9. A list of entries should appear

10. Find “Articles of Incorporation” (Corporation), “Certificate of Formation” (LLC), and “Initial Report”

11. Select “View Documents”.

12. Download your document
How to find your business license?

1. Go to: https://secure.dor.wa.gov/gteunauth///#2
2. Find and click on “Business Lookup” (third from the bottom)
3. Enter your business name or UBI and select Search
4. Your business name should appear
5. Click on it
6. Print the screen which shows a record of your business license (print to PDF as well)
TIPS TO APPLY FOR THE PPP

STEP 4: Gather these financial documents (corporations, non-profits, and LLCs)

1. 2019 IRS Form 941 and annual Form W-3 or 944 (employment tax return)
2. Payroll reports for calendar year 2019 or the previous 12 months
3. Healthcare costs — all health insurance premiums paid under a group health plan
4. Retirement plan documentation showing the sum of all retirement plan funding costs paid by the organization.
5. Get from payroll service (Gusto or ADP)
TIPS TO APPLY FOR THE PPP

STEP 4: Gather these financial documents (self-employed)

1. 2019 IRS Form 1040 Schedule C
2. If 2019 not filed, 2018 IRS Form 1040 Schedule C
3. 2019 Profit and Loss
4. 2019 IRS Form 1099-MISC
5. 2019 Bank Statements
6. If you have employees, provide payroll documentation stated in previous slide
Summary of PPP Loan Process

• Be Patient but Persistent. Be ready to apply as soon as your bank starts taking applications again.

• For nonprofits – follow internal procedures for authorizing borrowing. Check Bylaws.

• Work with your accountant to calculate your monthly payroll.

• Deposit PPP funds into a separate bank account (same bank is ok). Create tracking systems to track payroll and occupancy expenses. Keep documentation of rent and payroll payments.

• Be prepared to request forgiveness of PPP loan at end of 8 weeks to your bank.
Thank you Jeff!

Jeff Liang, Ling Liang PLLC
Calculating your “Average Monthly Payroll”

Valerie Pickens, Your Financial Solutions
Insert Valerie’s screen share here
Thank you Valerie!

Valerie Pickens
Your Financial Solutions
• Complete an evaluation of this video or email us your feedback
• PDF of the SBA Sample PPP application is available here
• PPP Updates and Supplemental Information
• If you need legal advice, contact us at covidsupport@communities-rise.org or go to our website – communities-rise.org.
Covid-19 Small Business and Nonprofit Legal Clinic

- *Free* 60-minute legal consultation with an attorney.
- Business Legal Issues that have arisen due to Covid-19
- Go to communities-rise.org to request an appointment
Thank you!

Communities-Rise.org