



CAPITAL NOW FOR SMALL BUSINESSES

EMERGENCY LOANS & OTHER SOLUTIONS AVAILABLE

TOPICS ADDRESSED

- Paycheck Protection Program loans (PPP)
- Economic Injury Disaster Loans (EIDL)
- Retirement funds options
- Helpful resources



SBA PROGRAMS



PAYCHECK PROTECTION PROGRAM LOANS

Borrowers who are eligible for loans through the program:

- A small business with less than 500 full-time or part-time employees (or per location if your business is recognized under NAICS 72).
- A 501(c)(3) with less than 500 employees in total.
- An individual who is either a sole-proprietor, independent contractor, or is self-employed.
- A small business, tribal business or 501(c)(19) Veterans Organization that meets the SBA's size standard.

PROGRAM OVERVIEW

Loans made through the Paycheck Protection Program are made via a borrower's good-faith certification and come with:

- 2.5x average monthly payroll over 12 months (up to \$10M)
- An interest rate of 0.5%
- Terms of 2 years
- Deferred payments for the first 6 months
- No personal guarantee, collateral, and are non-recourse
- Loan 100% guaranteed by SBA
- Loan must be processed by June 30th, 2020
- Up to 100% of the loan can be forgiven

GOOD FAITH CERTIFICATION

Borrower provides a good faith certification that:

- The current economic conditions make the loan necessary.
- Funds will be used for payroll, mortgage, rent or utilities.
- You will not receive another loan under this program.
- You will provide to the lender documentation that verifies the number of employees, payroll costs, mortgage interest payments, rent payments, and utilities for the eight weeks after getting this loan.
- All the information you provided in your application and in all supporting documents and forms is true and accurate.
- You affirm that the tax documents are identical to those you submitted to the IRS.

LOAN AMOUNTS

Loan amounts will be equal to the lesser of:

- 2.5x the average total monthly payroll costs over the 12-months prior to getting the loan.
- Loan amounts that were made beginning January 31, 2020 and ending when the loan is received (assuming they're eligible).
- \$10,000,000.

PAYROLL COSTS

The maximum loan amount is based on applicable payroll costs. These include:

- Salary, wage, variable compensation (bonuses, tips, commissions)
- Severance payments
- Payments made for vacation, parental, family or sick leave
- Payments required for group healthcare benefits including insurance premiums
- Retirement benefits
- State and local tax paid as a result of the compensation for employees
- Compensation paid to independent contractors that doesn't exceed \$100,000 in 1 year, prorated for the period of Feb 15 – June 20, 2020

Payroll costs which are **excluded**:

- Compensation of any individual whose salary is above \$100,000 as prorated for the period of Feb 15 -Dec 31, 2020.
- Compensation for any employee whose principal residence is outside of the US.
- Qualified sick or family wages covered by a credit under the Families First Coronavirus Reponses Act.
- Payroll, income, or railroad retirement taxes.

LOAN FORGIVENESS

Borrowers are eligible for forgiveness of the loan equal to the amounts paid for qualifying costs. This covers eight weeks following the day the loan was originated. Qualifying costs include:

- Payroll costs as indicated in slide 6.
- Mortgage interest.
- Lease payments.
- Utilities paid.

The loan amount forgiven **cannot** exceed the principle. It is anticipated that at least 75% of the forgiven amount must have been used for payroll.

A lender has 60 days after receiving the application for forgiveness from a borrower to make a decision. Any amount forgiven **will not** be subject to taxes.

ECONOMIC INJURY DISASTER LOANS (EIDL)

- Up to \$2,000,000
- Funds disbursed directly from the SBA
- 3.75% interest rate
- Terms up to 30 years
- Requires collateral and personal guarantee
- Payments are deferred through 12/31/20
- \$10,000 grant provided <1 week after applying
- Borrowers MUST apply directly with the SBA at:
<https://covid19relief.sba.gov>

PROGRAM COMPARISON

Each business comes with a different set of facts and circumstances and may value different benefits:

	Paycheck Protection Program (PPP)	Economic Injury Disaster Loans (EIDL)
Source of funds	Banks, guaranteed 100% by the SBA	SBA
Use of proceeds	Payroll Mortgage Interest / Rent Utilities Debt incurred before 2.15.20	Payroll Fixed Debts Accounts Payable Other expenses
Loan Amounts	2.5x average payroll	Up to \$2 million
Interest Rate	0.5% APR	3.75% APR
Terms	2 years	30-years
Deferment	6 months	Through the end of year
Forgiveness	Up to 100%, tax-free	None
Early funding	None	\$10,000 in <1-week Becomes grant if denied Only 10 billion available



After April 3, 2020 you may only receive funds through one of these programs.

EXISTING SBA LOANS

Options

- Call your servicing department and discuss deferring your loan due to economic injury
 - It is possible to defer six (6) months if bank is still holding the loan; or
 - Three (3) months if bank has sold it and up to 6-months if approved by the investor.



RETIREMENT FUNDS

2ND QES TRANSACTION

If you have previously funded your business using a Rollover as Business Startup arrangement, you may be able make a subsequent investment to recapitalize your business:

- The business value must be positive
- You must believe it is a good investment to make; and
- Proceeds are only used for legitimate business expenses

Process includes:

- Getting a Business Appraisal
- Working with a Lawyer for stock purchase documents

ADDITIONAL OPTIONS

Changes to current standards through 12/30/20 for:

- Hardship distribution
 - Up to \$100,000 out of their IRA or 401ks.
 - If returned in three (3) years can reclaim taxes.
- Loans
 - 100% of vested balance up to \$100,000.
 - Deferred payments for twelve (12) months.

HELPFUL RESOURCES

- Economic Injury Disaster Loan
<https://covid19relief.sba.gov>
- Paycheck Protection Program Application
<https://tinyurl.com/pppsbaload>
- Borrower Fact Sheet
<https://tinyurl.com/pppborrowersheet>
- Information on ROBS plans
Email 401k@guidantfinancial.com
- State-specific programs
<https://tinyurl.com/statecovidinfo>



QUESTIONS?

LENDING@GUIDANTFINANCIAL.COM

