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## CARES ACT Provides Help for Small Businesses through:

Economic Injury Disaster Loan Program (EIDL) at SBA.gov

Modification to Existing SBA Loan at SBA.gov and

Paycheck Protection Program (PPP)



# We focus here, on what you need to know about the:

## Paycheck Protection Program (PPP)



### **COVID-19 Emergency Loan**

Funds are being distributed to small businesses through the Small Business Administration (SBA) via banks and credit unions.

This presentation provides a general summary of information provided as of April 9, 2020 and is for informational/educational purposes only. It is not intended to be comprehensive, nor does it constitute legal advice. Specific legal advice should always be sought before taking or refraining from taking any action.



## Important Highlights for Small Business Owners Paycheck Protection Program (PPP)

Congress signed this program into law to provide DIRECT ECONOMIC RELIEF to small businesses and their employees due to the economic impact of COVID-19.

<b>Covered Period</b>	February 15, 2020 to June 30, 2020
Lender	To be administered by the SBA under their 7 (a) lending authority through a qualified lender such as your Credit Union
Scope	\$349 billion

Consult with your tax professional on considerations and impacts for your specific situation. We can provide additional financial information that can help in the decision-making process.



#### **Business Qualifications & Eligibility Checklist**



The loan is necessary to support your ongoing operations



You were in business on February 15, 2020, and have less than 500 employees



Your employees were paid salary, commissions or as independent contractors



Nonprofit Organizations are eligible only if you are a charitable 501(c)(3) and do not receive Medicare payments



An individual who operates as a sole proprietor, independent contractor or who is self-employed who regularly carries on any trade or business



Associations 501(c)(6) organization are NOT eligible



#### Permitted Use of Proceeds

- Payroll costs
- Rent
- Utilities
- Mortgage interest
- Interest on other debt obligations incurred before February 15, 2020



#### Lenders will NOT require:

Collateral

A personal guarantee

Fees to be paid by borrowers



#### **How Much Can I Borrow?**



Borrowers can borrow up to 2.5 times their average monthly payroll costs, not to exceed \$10 million.



How do I calculate my average monthly payroll costs?

Use the trailing 12-month period before the loan is made

Sum of INCLUDED payroll costs

Sum of

EXCLUDED

payroll costs

PAYROLL COSTS

HRCU has an excel spreadsheet to help you calculate your average monthly payroll costs.



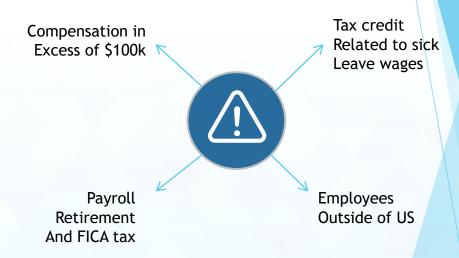
#### Payroll Costs: Further Defined

#### **INCLUDED**

**Employers:** The sum of payments of any compensation with respect to employees that is a salary, wage, commission or similar compensation

Sole Proprietors, Independent
Contractors and Self-Employed
Individuals: The sum of payments of
compensation to or income that is a wage,
commission, income, net earnings from self
employment, or similar compensation and
that is in an amount that is not more than
\$100,000 in one year.

#### **NOT INCLUDED**





#### **Loan Forgiveness**



Loans may be forgiven if borrowers maintain their payrolls.



No more than 25% of the forgiven amount can be used for nonpayroll expenses. Loan forgiveness is equal to the amount you spent on the following items during the eight-week period beginning on the date of the loan if you maintained employee and compensation levels.

- Payroll Costs
- Interest on mortgage incurred in the course of the business
- Rent
- · Payments on utilities

The loan forgiveness cannot exceed the principal, and the amount will be reduced if a business has less than 75% of its workforce at the end of the covered period compared to the beginning.



#### **Loans Terms**

#### Here are the specific terms of the loan:

- Two-year term
- 1.0% fixed interest rate
- Fully amortized over two years
- Loan may be prepaid prior to maturity without penalty
- No principal and interest payments for six months



#### The Next Steps: Our loan portal is open



The application for the Paycheck Protection Program can be accessed by Holy Rosary Credit Union members on our website.

- Complete the application on our website at: HolyRosarycu.org
- Provide articles of incorporation/organization
- Driver's License (for all owners)
- Payroll expense verification documents
- Breakdown of payroll benefits (e.g., vacation, healthcare benefits, retirement benefits)
- 1099s (if independent contractor)
- Provide signed certification from each owner (over 20%)





# Remember to File for 100% Loan Forgiveness

- Remember to spend the money in eight weeks after the funds are disbursed
- Remember that 75% must be spent on payroll
- Remember to follow all the guidelines for spending the money
- Remember to come back to our portal to file for loan forgiveness



#### For More Information:

Visit our website at HolyRosaryCU.org for information, links and to complete your application

Visit the SBA.gov for information

Visit Treasury.gov and click on the COVID Page for: Information for Borrowers Frequently Asked Questions Borrowers Application (complete on our portal)

Write us at info@holyrosarycu.org, or

Call us at 816.221.2734, extension 112 or 118



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