



# HOLY ROSARY CREDIT UNION

Working *together* to provide financial opportunity

# **CARES ACT Provides Help for Small Businesses through:**

**Economic Injury Disaster Loan Program  
(EIDL) at [SBA.gov](https://www.sba.gov)**

**Modification to Existing SBA Loan at  
[SBA.gov](https://www.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.

**Scope**                      \$349 billion

**Lender**                      To be administered by the SBA under their 7 (a) lending authority through a qualified lender such as your Credit Union

**Covered Period**        **February 15, 2020 to June 30, 2020**

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

$$\text{Sum of INCLUDED payroll costs} - \text{Sum of EXCLUDED payroll costs} = \text{PAYROLL COSTS}$$

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

Compensation in Excess of \$100k

Tax credit Related to sick Leave wages



Payroll Retirement And FICA tax

Employees Outside of US

# Loan Forgiveness



Loans may be forgiven if borrowers maintain their payrolls.



No more than 25% of the forgiven amount can be used for non-payroll 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



What should  
you do now?

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](http://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](http://HolyRosaryCU.org) for information, links and to complete your application

Visit the [SBA.gov](http://SBA.gov) for information

Visit [Treasury.gov](http://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](mailto:info@holyrosarycu.org), or

Call us at 816.221.2734, extension 112 or 118



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