

COVID-19 CARES ACT

Policy Designed by Small Business Administration

Presented by:

Blue Ridge Crossroads Small Business
Development Center



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Direct all COVID related questions via email to sbdc@brceda.org

Request one-on-one counseling: <http://bit.ly/crossroadscounseling>

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www.VirginiaSBDC.org/COVID

Small Business Assistance

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CARES Act

Small Business Financial Assistance

EIDL Grant (Applications expected to reopen)

EIDL Program Advance (Applications expected to reopen)

EBL – Express Bridge Loan Pilot Program

Small Business Debt Relief

Payroll Protection Program (Applications expected to reopen)

Small Business Tax Provisions

Unemployment Insurance

NEW SBA EIDL Application Website

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

CARES Act

Small Business Financial Assistance

U.S. Congress passes federal legislation this week
with following provisions:

\$310 Billion for Paycheck Protection Program (PPP)

\$60 billion of which is set-aside for smaller lenders, credit unions,
community banks, CDFIs.

\$50 billion for SBA's Economic Impact Disaster Loan (EIDL) program

Additional \$10 billion for the EIDL emergency grants program

Economic Injury Disaster Loan (EIDL) and EIDL Advance Grant

EIDL

- Eligibility
 - Businesses with up to 500 employees in operation as of Feb 15, 2020
 - Nonprofit organizations with fewer than 500 employees – 501c, d, e
 - Independent contractors and sole proprietors
- Loans from SBA directly
 - Waives personal guarantees and 1-year in business for advances and loans under \$200,000
 - Do not need to have sought capital elsewhere for advances and loans under \$200,000
 - No collateral for \$25k or less
 - Up to 12 month deferral on loan payments; interest will begin accruing upon disbursement
- Loan Amounts
 - Working capital loan up to \$2 million; Based on 2 months operating expenses; Max \$15k or 2 months operating expenses to be disbursed at first
 - Term 30 years, 3.75%
- Uses for the loan proceeds include:
 - Payroll, fixed debt, accounts payable, working capital, utilities, and other operating expenses that could have been paid had the disaster not occurred. The loans are not intended to replace lost sales or expansion.

EIDL Advance / Grant

- submit EIDL application, ask for the advance—check box on EIDL application
- up to \$10,000 (\$1,000 per employee); if self-employed, count yourself as employee
- Average wait time is 21-25 days
- does not need to be repaid under any circumstance
- Will offset the PPP portion forgiven

Express Bridge Loan Pilot Program

- For businesses with an existing relationship with an SBA Express Lender
- Up to \$25,000
- Fast Turn around
- Will be repaid in part or full by proceeds from the EIDL Loan
- Not All Banks Are Offering This Program

Small Business Debt Relief Program

- immediate relief to small businesses with non-disaster SBA loans
- SBA will cover payments for six months.
- also be available to new borrowers who take out loans within six months of the President signing the bill into law

Paycheck Protection Program

Eligibility

- Available through June 30, 2020 or until funds are exhausted
- Businesses with up to 500 employees in operation as of Feb 15, 2020
- Nonprofits, independent contractors and sole proprietors
- Loans from SBA approved banks, credit unions, and some nonbank lenders
- No collateral; no personal guarantees; do not need to have sought capital elsewhere
- Loan Amount
 - 2.5 times monthly payroll expenses from 12 months prior to pandemic. with some exclusions (February 2019 – January 2020 *OR* 2019)
 - loan up to \$10m
- Uses for the loan proceeds include:
 - qualified payroll costs; rent; utilities; and interest on mortgage and other debt obligations incurred prior to February 15th. **MAKE SURE YOU KEEP GOOD DOCUMENTATION!**
- Loan Forgiveness
 - for funds used to pay 8 weeks of eligible payroll expenses
 - 75% of funds must go to eligible payroll and no more than 25% to other eligible expenses
 - 8 weeks begins on the loan origination date
 - Keep same number employees at same payroll rates

PPP Continued

- Loan amount that is not forgiven
 - Will be required to payback loan if criteria not met
 - If not all criteria met it is possible to be responsible for a prorated portion of the loan
 - max interest rate is 4% (Fed Rate is 1.0%) and max term is 2 years (currently set at 18 months most lenders)
 - principle and interest deferred for 6 months with interest beginning to accrue when payment is disbursed.

Paycheck Protection Program

- **What Renders A Business Ineligible? Answering "Yes" to the following questions**
- Is the Applicant or any owner of the Applicant presently suspended, debarred, proposed for debarment, declared ineligible, voluntarily excluded from participation in this transaction by any Federal department or agency, or presently involved in any bankruptcy?
- Has the Applicant, any owner of the Applicant, or any business owned or controlled by any of them, ever obtained a direct or guaranteed loan from SBA or any other Federal agency that is currently delinquent or has defaulted in the last 7 years and caused a loss to the government?
- Is the Applicant (if an individual) or any individual owning 20% or more of the equity of the Applicant subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction, or presently incarcerated, or on probation or parole?
- Within the last 5 years, for any felony, has the Applicant (if an individual) or any owner of the Applicant 1) been convicted; 2) pleaded guilty; 3) pleaded nolo contendere; 4) been placed on pretrial diversion; or 5) been placed on any form of parole or probation (including probation before judgment)?

Paycheck Protection Program

Average Payroll Calculation

- Gross Payroll
- Group Health Insurance Premiums
- Retirement Benefit Costs
- State/Local Taxes on Employee Compensation

You are unable to calculate the employer portion of FICA or other federal taxes into the PPP funds.

Most lenders have a payroll calculating form. If not and you want a template please send me an email at sbdc@brceda.org. We can send you an excel template.

You also need to know the following expenses:

- Rent
- Utility Costs (broken down by average monthly cost and utility type)
- Interest on mortgages or loans incurred prior to February 15th, 2020
- EIDL advance or loans amount

Paycheck Protection Program (PPP)

Economic Injury Disaster Loan (EIDL)

USES

payroll & approved operating expenses

working capital

COLLATERAL

no collateral required

- no collateral on loans u/\$25K
- collateral required for loans o/\$25K SBA will take real estate as collateral when available

FORGIVENESS

up to **100%** with approval if employee and compensation levels are maintained for 8 weeks after the loan is made

100% of up to \$10K EIDL advance (\$1,000 per employee up to \$10K)

2.5X average monthly payroll for the prior 12 months maximum **\$10M**

up to 2 months of operating expenses not to exceed **\$15,000**

1% on unforgiven portion
2 year fixed income

TERMS

3.75% small businesses
2.75% non-profits
30 year fixed note

DEFERMENT

no payments for first **6 months**

no payments for first **12 months**

ELIGIBLE ENTITIES

- all for-profits
- Sole proprietors & Independent contractor
- private non-profits

- Small business with 500 or fewer employees
- Sole proprietors & Independent contractor
- small agriculture coops & aquaculture
- private non-profits

APPLY

covid19relief.sba.gov

SBA APPROVED LENDER



Paycheck Protection Program

Where do I apply?

- **Your local lender.** Contact them to find out about their application process.
- Virginia Community Capital is accepting applications.
<https://www.vacommunitycapital.org/paycheck-protection-program/>
- Find an alternative SBA approved PPP lender:
<https://bit.ly/35085Ma>

Paycheck Protection Program

- Documents Needed For Businesses
 - IRS Quarterly 940, 941 or 944 payroll tax report for 2019 to present
 - IRS W-3 Wage and Tax Statement
 - Payroll Summary that Shows Gross Wages to Reconcile to the 941
 - Payroll documentation showing you were an active business on or around Feb 15 (payroll processor records, payroll tax filings, etc.)
 - Legal Documents for the Company (Articles, By-Laws, Operating Agreement, etc)
 - Copies of Drivers License for any Company Owner 20% or Greater
 - Profit and Loss Statement for the Last 12 months (2019 Tax Returns can be Substituted for 2019 P and L)
 - Mortgage and Rent Statements
 - Utilities Bills
 - ***Please note that other items may be required as further guidance is issued to banks from the SBA
- Documents Needed For Independent Contractors/Sole Proprietors
 - 2019 Schedule C
 - 2019 1099
 - Statement that you were in Business at 2/15/20 (i.e. Invoice, Bank Statement,etc.)

Important Information to Discuss With Your Lender at Closing of PPP Loan

1. If I get or have gotten the Advance – does that deduct from any PPP loan forgiveness that I might qualify for?
2. If I get or have gotten the EIDL Loan – does that roll in to the PPP loan and get refinanced over 2 years at 1%; how do I report that to you and do we do a re-finance on documents at that point as I have applied but not heard anything yet.
3. If I get or have gotten the EIDL Loan – Does the EIDL loan total get added to the PPP as the denominator in calculating if I spent 75% on Payroll Costs in determining forgiveness? If so, should I spend some of the EIDL on payroll costs to get me to the 75%?

Small Business Tax Provisions

Employee Retention Credit for Employers Subject to Closure or Experiencing Economic Hardship

- Refundable payroll tax credit for 50% of wages

Delay of Payment of Employer Payroll Taxes

- 2020 Payroll tax deferment until December 2021 and December 2022

- It is important to know that if you get a PPP, you are not eligible for these programs. Check with your accountant or tax advisor for guidance.

Unemployment Benefits Through CARES ACT

KEY TAKEAWAYS

- **Federal Pandemic Unemployment Compensation (FPUC)** is an emergency program established by the CARES Act to increase unemployment benefits for Americans who are out of work because of the COVID-19 pandemic.
- Under FPUC, eligible people who collect certain unemployment insurance benefits—including regular unemployment compensation—will **get an extra \$600 in federal benefits each week through July 31, 2020.**
- The CARES Act also established the **Pandemic Emergency Unemployment Compensation (PEUC) program**, which **extends unemployment benefits for an extra 13 weeks**, and the **Pandemic Unemployment Assistance (PUA) program**, which **expands unemployment insurance eligibility to self-employed workers, freelancers, independent contractors, and part-time workers impacted by the coronavirus.**

NEXT STEPS FOR PUA

- File initial unemployment claim with Virginia Employment Commission. If you are self-employed you will get a denial letter. That is required prior to completing the PUA application.
<https://www.vec.virginia.gov/> or call between 8:15am and 4:30pm, Monday - Friday, and between 9am and 1pm on Saturday: [1-866-832-2363](tel:1-866-832-2363)
- After filing the initial claim and getting a determination letter you can go into PUA and apply:
<https://www.vec.virginia.gov/html/pua.html>

Unemployment Benefits Through CARES ACT

KEY TAKEAWAYS

- Most states recommend applying for unemployment insurance benefits online.
 - Employee Process is as follows:
 - File an Unemployment with the State - AND-
 - Receive Denial by State (i.e. if independent contractor, part-time or self-employed) and sent more information on PUA application and FPUC– OR -
 - Claimant is deemed eligible by state and asked for employment/earnings verification by both employee and employer
 - Once Unemployment is processed, claimant will be considered for FPUC and PEUC and may qualify for both.
 - after completing an initial claim, claimants must file a weekly certification each following week in order to be paid. This can be done by calling the interactive voice response line at [1-800-897-5630](tel:1-800-897-5630) or through your online account at www.vec.virginia.gov or www.vawc.virginia.gov.
 - Employer Process for PPP Re-Hires is as follows:
 - Issue Job Reinstatement Offer (recommend that this be in writing and either signed or refused by employee and dated)
 - If employee accepts, payroll period begins when PPP is received and continues for 8 weeks
 - If employee rejects offer, notify VEC of job refusal and you have the option to re-hire another individual in that spot to maintain payroll numbers for loan forgiveness
 - If at the end of 8 week period, you cannot return to normal business operations you may furlough/lay off employees

Alternative Funding Options

Small business grants and loan options are popping up in various places to help the most vulnerable or our small business. Here is a list of current funding sources available. *Disclaimer: This is current as of the writing of this update.*

Women Business Owners: <https://bit.ly/2ziZb03>

This directs you to a web page with lots of different opportunities. Some of them may no longer be available or have not opened yet. You will need to visit each site to find out the status. Many let you sign up to be notified when the applications open.

Hello Alice Verizon Fund: <https://www.covid19businesscenter.com/>

Verizon Fund: <https://www.research.net/r/LISCreiefgrant> (Open until 4/28/20)

U.S. Chamber of Commerce Foundation: CLOSED

Intuit GoFundMe: <https://quickbooks.intuit.com/small-business/coronavirus/>

Kiva Small Business Loans 0% Interest: <https://www.kiva.org/borrow>

WeFounder 0% Loan Fund: <https://wefunder.com/loans>

Additional Resources:

Virginia Tourism Corporation: <https://www.vatc.org/coronavirus/>

Opportunity SWVA Resource Page: <http://www.opportunityswva.org/covid-19-resources-and-assistance-for-small-businesses-and-startups/>

Friends of SWVA:

<https://friendsofswva.org/stayconnected/partnerresources/covid19/>

In Appalachia: <http://inappalachia.com/>

Connecting resources together

Virginia Small Business Development Centers: <https://www.virginiasbdc.org/>

Training

Virginia SBDC: Road to Recovery

<https://www.virginiasbdc.org/covid-resource-center/live-webinars/>

Intro to the Best eCommerce Platforms for Small Business

Monday, April 27, 1:00 PM | Presented by: Ray Sidney-Smith |

While markets are cyclical, eCommerce (a/k/a online shopping) is here to stay. And, if you want a business that becomes and stays resilient through difficult times, making sure your business can be found and your products/services sold on the Web is imperative. Come learn about the best eCommerce platforms for Small Business available to you today. We'll cover the criteria you should look at for choosing an eCommerce platform for your business and the selection available to you.

Marketing & Promoting Your Business on the Web

Tuesday, April 28, 1:00 PM | Presented by: Ray Sidney-Smith |

There's nothing more important than promoting your business after you've done all the hard work to get your products, services and other business operations into place. But, if you build it, they will not come unless you're screaming from the proverbial mountain tops. And, that's what digital marketing is for. Come to this Webinar to learn how to develop a marketing strategy beyond product development and pricing, to establish the strategy and promotions to drive revenues. We'll cover a number of strategies and tactics for getting noticed in a noisy world.

Virginia SBDC: Road to Recovery

Cybersecurity Expert: How to Best Protect Your Business Online

Wednesday, April 29, 1:00 p.m. | Presented by: Tom Stamulis |

Business owners have to adjust their approach to cybersecurity because cyber criminals are targeting employees and preying on their stress, distractions, curiosity, and fear of the unknown. If your business is among the many that have shifted to full-time remote work, there are a steps you should take right now to increase your security and ensure that you and your employees are not inadvertently exposing sensitive business data through your home networks. Join us for a virtual seminar on the cybersecurity steps you should take.

3 Things You Can Do to Connect With Your Customers During Social

Distancing Thursday, April 30, 1:00 p.m. | Presented by: Jeff Nicely |

Connecting with your employees, clients, and other contacts is critical during social distancing. Join us to hear about three easy ways you can maintain personal connections and maintain trust during social distancing. Specifically, we'll show you how to easy and fun it is to use video in emails, on your website, and for social media postings. We'll demonstrate easy things you can add to your website for additional customer service during this time. Last, we'll talk about best email practices to keep your clients engaged.

Recover - a four part series

Training

Virginia Community Capital

<https://www.vacommunitycapital.org/about/events/upcoming-events/>

Government Partners Updates from VA Dept of Housing and Community Development (DHCD), the USDA, and the SBDC Network

April 24th (Friday 12-1pm) or April 28th (Tuesday 6pm-7pm)

Virginia Tourism Resources presented by Steve Gaylean from Virginia Tourism Corporation

May 1st (Friday 12-1pm) or May 5th (Tuesday 6pm-7pm)

May 8th & May 12th – TBD

How Can Main Street Thrive After COVID-19 presented by Rebecca Rowe from DHCD and National Mainstreet

May 15th (Friday 12-1pm) or May 19th (Tuesday 6pm-7pm)

May 22nd & 26th – TBD

Training

Weekly Industry Check-in Events:

Virginia Tourism Corporation


Monday's @ 3:00 p.m.

Virginia Tourism Corporation provides weekly updates on programs and initiatives. They share data, resources, and marketing materials that businesses and localities can use during the COVID-19 crisis.

<https://www.vatc.org/covid-19-vtc-weeklycall/>

Opportunity SWVA

Tuesday's @ 2:00 p.m.

Join us for Coffee  & Conversation over Zoom. This is an opportunity for you to meet other Southwest Virginia business owners going through the same issues as you, share tips and ideas and gain support for your business development. Provides updates on programs and initiatives.

Email Josh Sawyers for info: jss2yq@uvawise.edu

Q & A