



Griffing & Company, P.C.
Certified Public Accountants and Consultants

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Does your Business Qualify for an SBA Loan?

During the unprecedented event of COVID-19, it is important to stay up to date with the latest news from The US Chamber of Commerce, The US Small Business Administration, The US Senate, your bank's policies, and your trusted Griffing & Company, P.C. advisors who are navigating the legislation. This article is dated Monday, March 30, 2020. We will have more clarification as time passes, This is our latest understanding of the Act.

On Friday, March 27th, the president signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act. This article will focus on the Paycheck Provision Program (PPP), a section of the CARES Act which allocates \$350B in payroll relief to small businesses. The intent of PPP is to keep small business employees in their roles and to mitigate structural unemployment lags when the economy starts back up. The loans are designed to cover 8 weeks of payroll (any 8 consecutive weeks between the dates February 15 - June 30). The loan can be forgiven if specific conditions are met, most notably, if employees are kept on payroll.



Additionally, the CARES Act allocates \$10B for Economic Injury Disaster Loans (EIDLs), which includes an emergency grant with many similar conditions to the PPP. The two loans are not mutually exclusive, so we recommend looking into both options.

Not all details are out at this time, but we hope this FAQ will answer some of your questions.

Who is eligible?

The PPP loan is available to small businesses employing fewer than 500 employees, if they were in operation before February 15, 2020. Individuals, sole proprietorships, independent contractors, gig economy workers and 501(c)(3) nonprofit organizations are eligible as well.

What amount can be borrowed?

The maximum amount that can be borrowed is 250% of the average monthly payroll expense, capped at \$10M. For specific detail on how to calculate "average monthly payroll expense", use the resource:

https://www.uschamber.com/sites/default/files/023595_comm_corona_virus_smallbiz_loan_final.pdf



What can the loan be used for in order to be forgiven?

The loan can be used for expenditures such as payroll, utilities, mortgage payments, rent, leases, interest on existing debt, and health care benefits and premiums.

What are the conditions for loan forgiveness?

You will submit a separate loan forgiveness application and provide the following documentation:

1. Verify the number of full-time employees on your payroll and their pay rates for the 8-week period. Federal and state payroll tax filings and state unemployment insurance filing would be appropriate documentation.
2. Proof of expenses such as mortgage, leases, or utility payments. Documentation would include canceled checks, payment receipts or statements of account.
3. Certification that the documents are true and correct; and that the amount for which forgiveness is requested was used to retain employees or pay the necessary expenses of the business to remain viable.
4. The loan administrator may request additional documentation.

If the loan is not forgiven:

If the conditions listed above are not met, the loan will be subject to a maximum 4% interest rate and 10-year repayment period. If some employees must be laid off, the forgivable portion of the loan will decrease by the percentage of employees that were laid off.

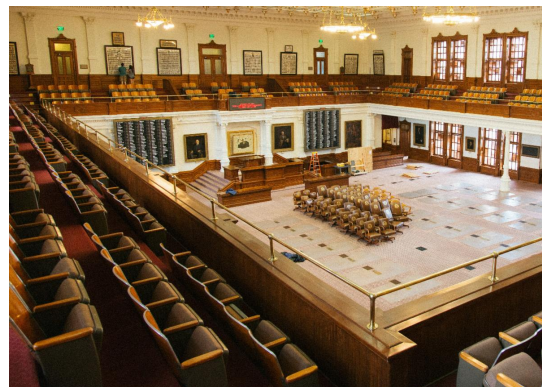
What if I have already furloughed employees?

If you rehire employees that you previously laid off, or if you restore any decreases to their wages or salaries by June 30, 2020, you won't be penalized for a reduction in employment or wages during the beginning of the period.

How do I apply for the PPP?

The administration aims to have a list of participating banks available by the end of this week. Be sure to keep up to date with your bank and Griffing & Company's newsletters for the latest information.

The US Senate Committee of Small Business & Entrepreneurship provided the Lending Tool if your bank is unable to provide answers at this time: <https://www.sba.gov/funding-programs/loans/paycheck-protection-program>



No personal guarantees or test statements are required to apply. Companies self-certify that they have been affected by COVID-19 on a good faith basis. There is no cost to apply.

Are there other assistance options for my business?

Yes, because of the National Declaration of Emergency, small businesses (who have been in business by January 31, 2020) can also apply for the SBA's Economic Injury Disaster Loans. These loans are up to \$2 million; interest rates are 3.75% for small businesses; and the first month's payments are deferred for a full year from the date of the loan. Congress has allocated \$10 billion towards these loans and they can be based solely on an applicant's credit score; businesses can apply even if they already have access to a line of credit. For loans less than \$200,000, no personal guarantee or real estate collateral is required. A cash grant of \$10,000 is available and will be forgiven if spent on employee payroll and business expenses; a business may qualify for the grant even if they are ineligible for additional loans.

How do I apply for EIDLs?

The portal is open for applications: <https://covid19relief.sba.gov/#/>

Can I apply for both the PPP and EIDL loans?

Yes, you can apply for both loans as long as they cover different expenses.

Other resources:

US Chamber of Commerce: <https://www.uschamber.com/>

US Senate Committee on Small Business & Entrepreneurship:

<https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources>

Senate Article: https://www.rubio.senate.gov/public/_cache/files/ac3081f6-14ae-4e6f-9197-72ede28badd/71AB6CB05A08E369E0D488A80B3874A5.faqs--paycheck-protection-program-faqs-for-small-businesses.pdf

We understand that this is a confusing time for many businesses, and we are here to help. If you have any questions, please don't hesitate to call or email us to further discuss the Paychecks Provision Program.

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