



### Coronavirus Loan Details(as of 3.2.20)

On the minds of most small business owners right now is how they are going to get through the COVID-19 crisis.

**What can you do now?** If you are in need of funding asap, [apply for the EIDL Advance](#) (limited to \$10,000)\* with its 3 day funding. It is not forgivable but can be converted later to a PPL. As of this morning banks are still working out loan application logistics. Many will have online applications soon. If you want to prepare now, have ready:

- Your most recent IRS Form 941 – Quarterly Federal Income Tax Return
- Breakdown of your January 2019 – February 2020 payroll expenses (if you employ 1099 contractors, please include them in this report, but as a separate line item – we are still waiting on clarification as to whether we get to count this expense)
- Year End Financial Statements (2019) – Income Statement and Balance Sheet

Best practice is to segregate your COVID-19 expenses (including payroll, ER health insurance payments, ER retirement plan contributions, rent, interest and utilities starting February 15, 2020 until June 30, 2020) using classes, if possible.

There are two loans available right now that we can help you navigate. Below outlines each loan, the Paycheck Protect Program and Economic Injury Disaster Loan, and how they differ.

<b>Paycheck Protection Program (“PPL”)</b>	<b>Economic Injury Disaster Loan (“EIDL”)</b>
Loan maximum of \$10 million. Eligible amount based on payroll measured over the 12months preceding the loan date. Seasonal businesses can use February 15, 2019 – June 30, 2019 or March 1, 2019 through June 30, 2019 <ol style="list-style-type: none"> <li>1. Payroll is defined as salaries, commissions, tips, employee benefits including health insurance and retirement benefits, state and</li> </ol>	Loan maximum of \$2 million, you may request an advance of \$10,000 to be distributed within 3 days.

<p>local taxes, certain types of compensation to sole proprietors or independent contractors</p> <p>2. Salary cannot be in excess of \$100,000 for an individual employee, foreign employee, or FICA and income tax withholdings</p>	
<b>Terms/Interest</b>	
10 years, interest not to exceed 4%	30 years, 3.75% for business or 2.75% for non-profits
<b>Conditions of Use</b>	
Funds can be used for payroll costs as defined (defined above), group healthcare, insurance premiums, mortgage interest, rent on a lease in effect prior to February 15, 2020, utility payments, or other debt incurred before February 15, 2020.	Funds can be used for operating expenses and fiscal obligations that would otherwise have been met if not for the Covid-19 disaster
<b>Forgiveness</b>	
Loans may be fully or partially forgiven based on the amount spent by the borrower during the 8-week period after the loan origination on payroll costs, interest payments on mortgages, and rent payments. Mortgages and lease agreements must have been in place prior to February 15, 2020.	Not available BUT EIDLs are convertible to PPL, which are forgiven.
<b>Are there circumstances that loan forgiveness doesn't apply?</b>	
<p>Yes, the amount forgiven is reduced by failure to maintain the average number of full-time employees versus the period from either February 15, 2019, through June 30, 2019, or January 1, 2020, through February 29, 2020, as selected by the borrower.</p> <p>The amount forgiven is also reduced to the extent that compensation for any individual making less than \$100,000 per year is reduced by more than 25% measured against the most recent full quarter. Reductions in the number of employees or compensation occurring</p>	Not applicable

between February 15, 2020, and 30 days after enactment of the CARES Act will generally be ignored to the extent that reductions are reversed by June 30, 2020. Forgiven amounts will not constitute cancellation of indebtedness income for federal tax purposes.	
<b>When can I apply?</b>	
Start the process now by reaching out to your lender. The SBA should be providing guidelines to banks.	Now! We recommend you apply as soon as possible. BUT there is no
<b>Do I have to have my 2019 taxes done?</b>	
Most lenders will use your 2018 return, although each lender is different	You do not have to have your 2019; however, you will need to allow the SBA access to your historical tax returns
<b>Personal Guarantee</b>	
Not required	Loans less than \$200,000 require a personal guarantee of the business, managing members of LLC's, or managing partners of LP's. No liens on real estate.
<b>Required Collateral</b>	
None required by business or owners	A lien against business assets will be issued by the SBA

**It is important to note that you cannot have both loans at the same time.** If you receive an EIDL loan you can still apply for a PPP loan. Once you receive the Payment Protection Program loan you can refinance your EIDL loan into it.

Economic Injury Disaster Loan (EIDL) - Applying for a Small Business Loan – Initially borrowers were directed to apply for loans via the SBA website. As of March 31, 2020, the website only has an application for the \$10,000 advance – maybe. We have applied but are not 100% sure we will be funded because the application process did not include any normal loan information.

*\*If you wish to apply for the Advance on your EIDL, please [visit SBA site](#) as soon as possible to fill out a new, streamlined application. In order to qualify for the Advance, you need to submit this new application even if you previously submitted an EIDL application. Applying for the Advance will not impact the status or slow your existing application.*

Contact us at [www.budgetease.biz](http://www.budgetease.biz) to find out how we can help you through the loan process, help you clean up your books if you are not currently a client or help you keep track of your COVID-19 allowable expenses for forgiveness.