

## WEBINAR QUESTIONS

### ELIGIBILITY

- I'm confused on what I should I go for here. We intend on using the loan for payroll coverage and rent, etc. However, why would I go to PPP or EIDL? What's the difference and which avenue should I pursue? We would of course like the loan to be forgiven.
  - Are the two programs mutually exclusive—can both be used without penalty to other **They are not mutually exclusive. You can apply to both/Still some additional details need to come out. From what I know businesses can apply for both but can not use the funds for the same purpose.**
  - Can you do both loans? Is there any reason that I shouldn't apply for both the EID loan and the PPP loan? **See above answer**
  - If you have not applied for EIDL or PPP yet, can you only apply for one or the other? **See above answer**
  - So apply for EDIL loan FIRST, sounds like??? **Apply for EIDL first since it is up and running. Talk to your banker so that as soon as they get Treasury direction you can be positioned to move forward**
- How long do you have to be in business? I have only been in business for ~ 1 year. It appears that you must have been in business before 2/15/20 for EIDL
- are you better off applying through the SBA website? Or using your local bank, since they will be facilitating the loan? **EIDL only through the SBA website / PPP only through your bank.**
- If you own rental property and your renter is paying but doesn't think they can make the next rental payment can you apply? may i use the loan towards the principle payment or just the interest? **It appears that you will be "injured" but have not yet been "injured". The loan can be applied to interest, not principal.**
- In regards to eligibility, can you give an example of a company that has been affected due to the declared disaster versus a company that has been affected only by a downturn in the economy? That seems open to interpretation. **If your sales growth has dropped year over year, your business is losing customers prior to the pandemic, and you have already had trouble paying creditors prior to the pandemic it may show that the pandemic did not cause "injury" to your business. But yes it is open for interpretation. You may have to supply additional supporting documentation to support your claim.**
- If the EIDL does not cover sales or profits, but I am a sole proprietor and I do not pay myself a salary, I can only borrow money to cover my store rent and utilities but nothing to put food on my table or pay my mortgage or homeowners insurance? **The EIDL is to cover working capital needs such as rent and utilities. It can be used for payroll, but if you don't pay yourself a salary how do you compensate yourself?**
- Can you list ALL the options available and difference between PPP, 7a? **7a is a normal SBA backed loan that you would secure through a lending institution. PPP is a potentially forgivable loan for payroll during this COVID19 period. It is low interest (0.50%)**
- My daughter just opened her business Jan 1 2020. She doesn't have history but has \$170,000 of inventory hanging in the store. She has \$55,000 due this month with no

income. Will SBA give loans to a new business with no history? **The EIDL loan is designed for this purpose. Apply and get the conversation going with the SBA.**

- Is a cooperative Art Gallery eligible for a SBA loan to help with rent and utilities while we are closed? **Depends on how it is organized? If an LLC, it should qualify. Apply for the EIDL program.**
- Although I am the owner, I pay myself as a W2 employee - can I apply for the paycheck protection program? **Yes.**
- How about Airbnb host? What about Airbnb rental properties? **Need more details, do you have an established business entity?**
- Do you actually have to have a rental business or just rental properties claim as on taxes to get the \$10,000 EIDL. **Just to be clear the \$10k advance is UP TO \$10k not automatically \$10k. Again I need a little more clarification on how you have the properties listed. Are they under your name, an LLC, Trust?**
- If a non-profit does not want to apply for a loan but rather a grant should they apply for the 10k upfront only? **Apply for both. You don't have to accept the loan.**
- My hospitality business is a corporation. It pays rent to my commercial real estate which is set up as a trust. The corporation's primary profit is paid to the real estate trust in the form of rent. Now there is no corporate income. Should I apply for an SBA loan as the corporation unable to pay rent, or as the real estate trust unable to pay the mortgage? **Apply as a corporation not able to pay rent. EIDL**
- With the PPP, does this only apply if I have full-time employees? I own my own business-s corp- and I am my only employee but I have not been paying myself f/t hours even though I work f/t hours because I didn't want to take that much money out of my business. **Unfortunately, you have to show payroll records to qualify for the PPP.**
- I have decent credit score but my debt to income ratio is high. I do own my house with no mortgage. I have paid my bills on time always. Will they still consider me for a loan? **Credit score is #1 determinant. I wouldn't be discouraged from applying.**
- We are a small business. Can we only apply and receive the 10,000 grant? **Apply for both, you don't have to accept the EIDL loan.**

## APPLICATION

- When does the 8-week "**forgiveness**" period start - at the origination or application date for the loan? And could it be as late as May 15? **We have to wait on guidance to come out for the full details.**
  - How will I know if the loan I am applying for will be forgivable? Will I know before or as I apply? And I understand that the interest is not forgivable but will the rest be forgivable? **Once we have full guidance and policies in place when can come back to that question.**
  - Can we use the money for payroll and have it be forgiven if only my wife and I are the fulltime employees of our S-Corp? **Yes**
  - How is interest calculated if the loan is forgiven? What is the interest time period? **Yet to be determined. Apply through your bank and next week they should have more details.**

- I'm confused. Now you are saying that up to the 10,000 of the EIDL loan is partially forgivable. Are there 2 different loans types here or is it only the EIDL? What about the PPP? There are two types: PPP (payroll) and EIDL (disaster loan) – part of the EIDL loan is a grant of up to \$10,000. You apply for both at one time. If you have already applied for the EIDL you can reapply for the grant portion.
  - if you get the advance (up to 10K) but do not accept loan terms ultimately, do you have to repay the advance amount? It is our understanding that the amount of the grant up to \$10,000 is forgivable.
  - Does the \$10k Advance IDA loan affect the "forgiven" piece of a loan for the PPP Program. Does the larger IDA loan affect the forgiven piece of the PPP program? We believe they are independent of one another.
  - Can we address what it means to "refinance an EIDL into a PPP"? some businesses with high overhead and low payroll may only qualify for a very small PPP. but Treasury says an EIDL can be refinanced into a PPP, with PPP's forgivability terms controlling. Can you tell us anything you can about what this would mean? You would ultimately consolidate the amount received from EDIL for the similar purposes you were going to use from the PPP. So if you were planning on using \$50k from the EIDL for payroll you could refi that into the PPP. We are still awaiting official guidance on how that would ultimately work.
  - What confirmation do I look to receive that the \$10K advance under the EIDL Loan is forgivable? The SBA lending officer will identify it.
  - Is any portion of rental & mortgage assistance forgivable? Only the grant portion if you receive that.
- If you apply for an EIDL Advance, do you also have to apply for a further EIDL loan? You have no obligation to accept any other amount offered if you just want the \$10k advance.
- On the PPP Application form on the second page, the certifications (5th one down) says applicant has not and will not receive another loan. I've been told that we can apply for this in parallel with EIDL, is that true? We do not have official guidance yet however from what we have been told as long as the loans are being used for different purposes that is acceptable but please wait for official guidance.
  - Can you apply for both the Economic Injury Disaster Loan and the PPP? Or do you have to pick one? See Above answer
  - If we get the EIDL then would getting funds from PPL be more difficult? Is it an either/or? They are independent of one another.
- Applications on some loans are asking about employees in Jan range.... we are seasonal...most of workforce would be coming to work now...how does this affect applications.... will we/can still qualify.
- we are partially "essential" so our employees will be able to work "part" of the time, but not all the time? How do we manage that in our application?
  - We have our employees currently working since they are "essential" workers per state of MA. Are we still eligible for either or both of these loans? COVID-19 Essential Services: Details on Governor's Order Mar. ... Applicants may apply online, receive additional disaster assistance ... it is an entity providing

essential services or functions, **you can submit an online request using this ... Business Recovery Loan fund, we encourage you to apply for additional EIDL support**

- And do we know what the turn around on these are?
- One line asks about "Rental Properties" is that as a real estate company...or us, as a tenant paying rent??? **Rental income property – can be a Schedule C business**
- It asks for costs of goods sold. Many of the fishing businesses I work with do not track COGS and are asking what to include.
  - We've done some online searching for COGS definitions and a few fishermen are interpreting it to mean all of their business's expenses, since you need all of the bait, fuel, gear, crew, boat, insurance to "produce" the seafood they catch. I've also seen some definitions that lead me to believe that things like their boat payments that they have to pay regardless of how much they catch should NOT be considered COGS. On at least one tax return that I saw, the COGS does not equal all expenses and is its own line on schedule C, mostly made up of materials and supplies.
  - So, can you please talk today about how to define COGS? Do they each interpret it themselves or should they just take the number their accountant put on the schedule C? **Your accountant's**
- Can the application and supporting forms be submitted electronically as opposed to mail?
  - How do you submit supporting documents for the EIDL loan application? Do I have them ready and wait to see if they request them? **It appears that you should have them ready to present if requested.**
- "TRADE NAME" is that DBA???? or leave blank if no DBA???
  - What is the 'trade name' of a business? **DBA**
- Will we be notified via email of approval before documentation is mailed? **SBA will contact you by phone or E-mail to discuss your loan request.**
- If more funds are needed later this fall, can you still request an increase or do you need to reapply? **Request an increase**
- I am looking for info on the to be forgiven "2.5 avg monthly payroll cost" loan. Where do I go for this info? **All PPP loans are through your local lender – contact them April 3<sup>rd</sup> for application – you might contact them now to get in line.**
- When I go on SBA site it only leads to one application, are there 2 applications? **One application for EIDL loans. The PPP (payroll) is through your bank.**
- I filled out the disaster loan but is there another site I need to fill out also? **If you did not check the advance grant, go back in a fill in the application and check the box.**
- Is it possible to have prior years considered in making the loan decision? **Not sure what the question is. Prior year what?**
- When do you expect the application for the PPP program to be available and how do we locate it? **April 3**
- How do you apply for both rental of property assistance and retail business sba loans? **Use the SBA EIDL application site.**
- If wife has a cleaning business and the husband is a painting contractor, they can both apply for the loan? **Yes, if organized separately.**

- My husband has a contracting business. I am a real estate agent. Should we apply for separate loans? **Yes.**
- On the application, it asks for costs of materials sold. I assume this is operating expense for hotels, correct? **Check with your accountant**
- What if we filled out the app and said 0 employees? **Don't know what the question is – For EIDL you can use the proceeds for working capital applications.**
- does the payroll include independent contractors? **Yes**

#### LOAN TERMS

- Is the advance a loan or a grant? **grant**
- Is there a penalty for early repayment of these loans? **no**
- How long is this all going to take? Needs funds ASAP!!! **The grant is approximately 3 days – the EIDL is several weeks. The PPP appears to be on a fairly quick time line.**
- I thought the loan amount was based on 2.5x payroll costs....**'2.5x average total monthly payments for payroll costs for the 12 week period beginning 2/15/19-6/30/19.**
- **Are these loans front loaded?**
- He mentioned that these loans are not to be used for loss of business. Is that valid? **Yes.** **Cannot be used as a replacement for sales revenue.**
- if a non-employee owns 70% of the business, would they be required to pass credit approval and also be required to provide personal guarantee/collateral on a loan?
  - I thought personal guarantee was > 200K? **EIDLs under the CARES Act do not require personal guarantees for loans up to \$200,000, but do require personal guarantees by owners of more than 20% of the borrower for loans in excess of that amount**
- What if I have an existing loan at a higher percentage? Will they refinance it or adjust the rate? Will they grant me another loan? **You can combine existing loans with EIDL loans**
- If you get the 10,000 advance, can you decline the loan if offered and still have the 10,000 advance forgiven? **Yes**
- For the PPP, are payments made to contractors on a 1099 included as "payroll"? **Yes**
- are you saying Payment protection plan loan is two year term or ten year term at one-half percent interest? **2 year term at .5%**
- As I understand it, people apply for the economic injury disaster loan and then qualify for the \$10k advance. But they do not specify in that application what additional loan support they might want, there's no place in the paperwork for that. **There is one EIDL loan application. If you want the advance you have to check the box on the application**
  - If they only need \$10K, is it okay to just take the advance that doesn't need to be repaid and not the additional loan that offered? **Yes**
  - It appears you can now apply for the up to \$10k advance independent of the full EIDL app. Right? Or must you then do the latter...even if the advance has already been funded (which they say can be in 3 days)? **It is one application – the advance is a check box on the application.**
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- I'm confused about the difference in interest rates - earlier you mentioned 3.75% or 2.75% for NPO's, and now the .5%. **The .5% is the PPP interest rate.**
- Is the 3.75% and 2.75% for EIDL? Is the 3.75 interest fixed? **They are fixed – non negotiable.**  
**3.75 for businesses – 2.75% for non profits**
- Is .5% for the PPP program? **yes**
  - Also, the \$10K Advance is forgivable in nature versus the PPP ‘intended’ to be forgivable? **Yes**
  - Can you list and recap the programs & brief differences quickly? **Go to our website – [www.capecod.score.org](http://www.capecod.score.org) and you will find program summaries.**
  - Our bank said the PPP rate is 4% not 0.5%?
- Is there a limit/max on the PPP loan amount? **2.5 x monthly salaries up to \$10million**
- **How is the loan amortized? Is it like a mortgage or some other way?**
- PPP can be used to pay for “eight weeks of payroll” and the money is forgiven. for businesses that will be ramping back up, where June payroll could be 1/3 of August payroll.... how do we know which 8 weeks of payroll will be forgiven? **More to follow**
- PPP loans must be initiated by June 30th? **Correct**
- If a company incurs payroll costs, but then is eligible for reimbursement from a grant (for example, NIH), can those payroll costs still be included in the PPP **Talk to your banker for clarification**

**SEASONALITY QUESTIONS** Most of the seasonality is June, July August so the period between between 2/15/19 and 6/30/19 for calculating monthly salary doesn't work for the Cape. Will address the question of seasonality today 4/2 and post what we have been able to find out.

- If you're a seasonal business where 90% of payroll is expended in the four months of May, June, July and August (say, \$15-18,000 weekly = 70,000/month) but the formula of 2.5 months is based on YEARLY average that does not relate to that because, say, the yearly average for the prior year is 40,000 over 12 months which means a credit of only \$100k using the 2.5 month model, then how can you bring back full staff AT THIS TIME WHEN WE ENTER OUR BUSY SEASON? In other words, we need 15-18k/week or 70k/monthly which equals \$175k to cover fully-paid staff at this time, but the credit is only 100k, a 75k shortfall. Or... can the 2.5-month credit use the Busy Season average as opposed to the 12 months?
- **SEASONAL!!!!** how do answer “NUMBER of EMPLOYEES as of JAN 31,2020”? will this affect us, given that we hire now...should we put ZERO or 20???? will zero disqualify us???
- If I have seasonal W2 employees does their payroll qualify?
- What about seasonal businesses that were scheduled to open this month or next month? The loan application asks for total number of employees as of 1/1/20. For us that would be 0 now but, in a month, returning employees would be here.
- How about a seasonal business that would start May 15th when should we apply? Knowing that the business will definitely be hurt by the current situation.
- Please explain the process with seasonal businesses and employees. we have 2 employees in Jan and several in may - oct. also can we apply and receive funding for both EIDL and PPP?
- Will the seasonal requirement be closer to the range we have on the cape?

- Specific to the seasonal range, they are offering a start of March 1 thru June 30, that does not cover the range in Provincetown. Most of us hire folks end of May thru mid sept,

#### UNEMPLOYMENT RELATED QUESTIONS

- what if your employees collect until you get the funds is it forgivable
- if you apply for SBA loans for payroll can your employees also receive unemployment or is one or the other?
- I am a single member LLC. I file my LLC taxes as part of my personal return, using my SSN. I do not take a salary but show profit and loss and did pay state and federal taxes last year. I'm just not sure how to complete the forms. Is profit considered salary? Also, will I be able to collect unemployment under the new program for self-employed? **For you and for the purposes of getting relief I would use your "profit" as your salary.**
- I have employees who decided they do not want to work during this & some have filed for unemployment. Am I required to pay the employees who have not contacted me since walking out nor filed for unemployment?
  - Same Q - I had an employee run out and file for unemployment right away - will that eliminate me from using the paycheck protection program for other employees?

#### OTHER

- Is there a danger of the funding running out? Have to imagine millions are applying.
- are all of these loans: payroll protection; EIDL; are they independent of each other?
- IDA = EIDL **EIDL \_ Economic Injury Disaster Loan**
- If I understand the program correctly, the rules regarding the basis on which the maximum possible loan that can be applied for is more restrictive than the rules about where you can spend the loan. **The question needs to be addressed by an SBA Lending Officer.**
  - If small businesses follow both sets of rules they will run out of money to keep their staff on board for the required period.
  - Then they will become unable to maintain their staff and the loan is no longer eligible for loan forgiveness.
  - Is this an accurate scenario?
- are you doing grant presentations? **No we are contemplating a PPP webinar**
- I was a loan officer and held a middle management position at Verizon. Retired after 25 years. and am interested in the SBA jobs when they are listed...can I get notice of when they are requesting outside assistance?
  - what loans are .5% and are deferred? I didn't quite get that portion of the discussion. **The PPP (payroll) and potentially forgivable.**
  - how do you apply for both rental of property assistance and retail business SBA loans?
  - is any portion of rental & mortgage assistance forgivable? **No it is payroll**

- specific to the seasonal range, they are offering a start of March 1 thru June 30, that does not cover the range in Provincetown. Most of us hire folks end of May thru mid sept,
- Is there a formula for the amount they are giving for the disaster loan? **Not that we are aware. Each application will be reviewed on its merit.**
- What if 2019 was an off year for business
- Does SBA pick the lender or can we use our local banks that are participating in SBA loans  
**Use your local bank so long as they are 7a SBA lender**
- I have a a home family childcare. this has been devastating. I run my program like a nursery school from September to early June.. and like a summer camp mid June to August. I haven't worked since March 18th. People want summer deposits back! Can a loan be used to pay back deposits?
- Are you doing grant presentations? **See above**