

SBA Loan Consulting, LLC

Call Kent Nelson at 920-730-4060 or e-mail at kent@quickstrt.com for further assistance.

Coronavirus SBA Funding Options (eff. 4-3-2020)

Prior to taking out any new funding there are two other Tax Relief options for businesses that may be more beneficial than the PPP and EIDL loans or at least need to be taken into consideration before applying. I highly recommend you review all the options available for your business with your financial advisor or tax professional before choosing one or more options during the coronavirus crisis.

Employee Retention Credit: Employers will receive a refundable quarterly payroll tax credit equal to 50% of qualified wages paid to an employee from March 13 through December 31, 2020. For purposes of the credit, up to \$10,000 (\$5,000 credit at 50%) of qualified wages paid per employee during this period is taken into account. Excess credits **are** refundable. (**Note: Employers who receive a PPP Loan are NOT eligible for this credit.**)

Employer Payroll Taxes Deferral: Businesses and self-employed individuals can delay their payroll tax payments. These payments, the employer share of Social Security tax owed for 2020, can instead be deferred and paid over the next two years. Fifty percent must be paid by the end of 2021 and 50% must be paid by the end of 2022. (**Note: The ability to defer these taxes does not apply to a business that has a PPP loan forgiven.**)

In addition, there are many other changes to business and individual tax deductions that have become available with the Families First and CARES Acts. Examples include, but are not limited to, recovery rebates, charitable contributions, student loans, NOL's, business interest deductions, and employer payroll taxes. Please consult your tax professional for more details and if you can benefit.

Also, Wisconsin Economic Development Corporation (WEDC) is offering the WEDC SB20/20 grant. This is a grant for up to \$20,000 to existing CDFI loan clients to cover up to 2 months of payroll and rent for businesses with no more than 20 employees and no more than \$2 Million in revenue. Inquire with your current CDFI lender if you have an active loan.

Program Loan Components	SBA Debt Relief - Existing and New SBA Loans	SBA - Economic Injury Disaster Loans (EIDL)	SBA- Express Bridge Loan (EBL)	SBA- Paycheck Protection Program (PPP)
How long is this product available?	Available any time	January 31, 2020 to December 31, 2020	February 15,2020 to March 13, 2021	February 15,2020 to June 30, 2020
What is it?	Relief program for SBA borrowers	Loans with an emergency grant	Bridge loan up to \$25,000	Loans with a forgivable portion
Who qualifies?	<ul style="list-style-type: none">Any business or entity with at least one of the following SBA loans:	<ul style="list-style-type: none">Businesses and entities listed below and in operation before 1/31/2020	<ul style="list-style-type: none">Businesses that have applied for EIDL and are	<ul style="list-style-type: none">Businesses and entities listed below and in operation before 2/15/2020

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	<ul style="list-style-type: none"> • SBA 7(a) loan • SBA 504 loan • SBA micro-loan • It doesn't include debt relief on previous SBA disaster loans 	<p>when the public health crisis was announced</p> <ul style="list-style-type: none"> • Small business concerns and small ag cooperatives that meet SBA size eligibility, Most private non-profits of any size, Sole proprietors, Independent contractors, Coops and employee owned businesses, Tribal small businesses 	<p>awaiting approval and funding.</p> <ul style="list-style-type: none"> • Must be a for-profit businesses & meet SBA size standards, good character, credit, management, and ability to repay. Must be an eligible type of business. 	<p>with no more than 500 employees</p> <ul style="list-style-type: none"> • Small businesses or business concern with no more than 500 employees per physical location • Sole proprietor • Independent contractors • Non-profits with one of these designations: 501(c)(3), 501(c)(19), 31(b)(2)(c)
Maximum Loan amount available:	N/A	\$2 Million loan	\$25,000	\$10 Million max The amount for most of these loans will be equivalent to 2.5 times the average monthly payroll costs during the 12 months prior
Maximum Grant or Loan Forgiveness available:	Up to 6 months of SBA payments of principal, interest, and fees for existing SBA loans and new SBA loans taken out before 9-30-20	Emergency Advance up to \$10,000 available within 3 days of applying for EIDL. <i>Applicants are not required to repay the advance even if the EIDL loan is denied.</i>	Loan must be paid back in full or part by EIDL funds when available.	Maximum loan forgiveness up to 8 weeks of payroll; forgiveness amount based on employee retention and salary levels. Total forgiveness cannot exceed amount of loan
What is the term for the loan?	N/A	Up to 30 years, first payments due 12 months after funds are issued	The max term is 7 years, no revolving lines of credit.	For any amounts not forgiven, the max term is 10 years
What is the interest rate for the loan?	N/A	3.75% to for-profit businesses 2.75% to non-profit businesses	Prime + 6.5%	1%

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<p>What are the guarantees and collateral required for this loan?</p>	<p>N/A</p>	<p>Personal guarantee not required for loans under \$200,000. Collateral is required on loans over \$25,000, but SBA will work with borrower to pledge collateral in a way that is favorable</p>	<p>Personal guarantee required No collateral required</p>	<p>No personal guarantee required No collateral required</p> <p>Increases government guarantee of 7(a) loans to 100% through 12/31/2020, then it will return to 75% for loans exceeding \$150,000 and 85% for loans up to \$150,000</p>
<p>Are there Underwriting Requirements for this loan?</p>	<p>N/A</p>	<p>Since ability to repay in this circumstance is difficult, EIDL loans will be made based solely on credit scores</p>	<p>Credit Elsewhere Test Existing banking relationship with lender</p>	<p>Credit Elsewhere Test is waived</p>
<p>Are there covenants to the loan or grant?</p>	<p>N/A</p>	<p>Requires eligible borrowers to make good faith certification that the loan is necessary Must certify you do not have an application pending or have received this type of loan</p>	<p>Must be paid back in full or part by EIDL funds when available.</p>	<p>The loan amount forgiven will be reduced proportionally by a reduction in employees retained compared to the prior year and reduced by the reduction in pay of any employee beyond 25% of their prior year compensation.</p>
<p>What are the eligible use of funds?</p>	<p>SBA will cover payments of principal, interest, and fees for existing SBA loans and new SBA loans taken out before 9-30-20</p>	<p>Payroll Increased costs due to supply chain disruption Mortgage or lease payments Repaying obligations that cannot be met due to revenue losses</p>	<p>Working capital and other uses allowable by EIDL funds.</p>	<p>Retain and Maintain payroll, health care and insurance costs Lease payments Interest portion of loan payments Utility payments</p>

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What documentation does a client need to provide?	N/A	None for initial application online but will be required later as loans are processed. SBA Form 5, IRS Form 4506-T, Two years of taxes, Personal Financial Statement, Schedule of Liabilities. Non-profits have a different list of documents. Additional information may be requested.	Standard SBA 7(a) forms including SBA Forms 1920, 1919, 159, 601, 912, and IRS Form 4506-T.	The following are needed to qualify for loan forgiveness Payroll documentation showing # of FTEs and cost of wages and taxes Payroll tax filings Verification of covered mortgage, lease and utility payments
Can I receive multiple sources of assistance?	Multiple resources can be utilized to cover similar, but not exact expenses so as to prevent double-dipping.	Limitations from receiving PPP and EIDL for the same purpose	Limitations from receiving PPP for the same purpose	Limitations from receiving PPP and EIDL for the same purpose
How do I apply?	None known at this time. Inquire with lender holding your SBA loan.	Apply online with SBA at https://covid19relief.sba.gov/#/	Apply with your qualified SBA Express lender.	Apply with a qualified SBA lender.
Other considerations	If you have already received a deferment of your existing SBA loan, this should apply after that period. However, you may want to contact your lender and have debt relief applied first, then use deferment if needed.	Based on recent applications of my clients, the emergency advance seems to be taking longer than 3 days and it is not known when the advance will come.	If you receive a PPP loan you may not qualify for employee retention credit If your loan is forgiven, you may be unable to delay payment on payroll taxes	If you receive a PPP loan you may not qualify for employee retention credit If your loan is forgiven, you may be unable to delay payment on payroll taxes