

ENTERPRISE WORKS – SERRA VENTURES – SINGLETON LAW

SBA'S PAYCHECK PROTECTION PROGRAM & OTHER FUNDING

APRIL 7, 2020

PANEL INTRODUCTIONS

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SINGLETON
LAW FIRM



SERRA VENTURES

PROGRAMS OVERVIEW

**PPP – PAYCHECK
PROTECTION PROGRAM**

**EIDL – ECONOMIC
INJURY DISASTER
LOANS**

**EMPLOYER TAX
CREDITS**

PAYCHECK PROTECTION PROGRAM

- SBA offering PPP through banks, credit unions, fintech lenders
- Small business – generally less than 500 employees
- Can borrow 2.5 times 2019 average monthly payroll costs
 - Includes certain benefits such as health insurance and retirement
 - Excludes salaries and wages over \$100,000 for the year
- If proceeds are expended on approved expenses over the first 8 weeks after receiving the loan, all or a portion of the loan will be forgiven, income tax free
- Non-forgiven portion paid back over 2 years with 1% interest

PPP LOAN AMOUNT CALCULATION

- Calculate 2019 average payroll costs (or Jan – Feb 2020 if a new business)
- Adjustments
 - Include benefits such as employer portion of health insurance and retirement
 - Include employer state payroll taxes
 - Exclude employer federal payroll taxes
 - Exclude salaries, wages greater than \$100,000
- Loan amount is 2.5 times average monthly payroll cost

PPP FORGIVENESS AND REPAYMENT TERMS

- **Forgiveness of all or portion of loan if expended on approved expenses**
 - **Payroll Costs (must be at least 75% of forgiven total)**
 - **Rent**
 - **Utilities**
 - **Mortgage Interest**
- **“Non-forgiven” portion to be repaid over 2 years**
 - **6 month deferral of payments**
 - **1% interest**

PPP AFFILIATE RULES

- A business may be deemed not a small business if they are an affiliate (i.e. controlled) by another entity that controls other businesses – in that case, the commonly controlled businesses must be viewed as one for employee count
 - Investor owning > 50% is an affiliate
 - Investor with rights over the day-to-day operations of the business
- These rules are being debated now and could change. Problematic for small business with Private Equity funding and Large Venture Capital

EIDL LOANS

- **Direct from SBA**
- **Cannot use this loan and the PPP loan for the same purpose**
- **Not forgivable**

TAX CREDITS FOR EMPLOYERS

- For certain employee leave and absence payments

RESOURCES

- SBA Website – [SBA.gov](https://www.sba.gov)
- [Home.treasury.gov](https://www.home.treasury.gov)
 - Interim Final Rule (IFR)
 - Affiliation Rules
- Most banks' websites – the best may be guidance of your bank