



Catalyst

HEALTH NETWORK

COVID-19 Webinar: Business Continuity

PPP Loans Round Two Update

April 24, 2020



New Round of PPP Funding

Financing Considerations

START NOW

- Today, President Trump signed a supplemental coronavirus relief bill to replenish funding for the Paycheck Protection Program
 - Balances for the general purposes of the Bill
 - Paycheck Protection Program (PPP)- \$320B
 - Economic Injury Disaster Loan (EIDL)- \$60B
 - Other Programs- \$100B
- Start Now:** Strongly recommend submitting application for SBA Loan, if needed for long-term financing ASAP (recommend starting with Paycheck Protection Program)
- Work through existing bank relationship (if possible):** Schedule communication with existing financial partners to assess related options
- Application efforts:** Consider both PPP and EIDL and move quickly if you have not already

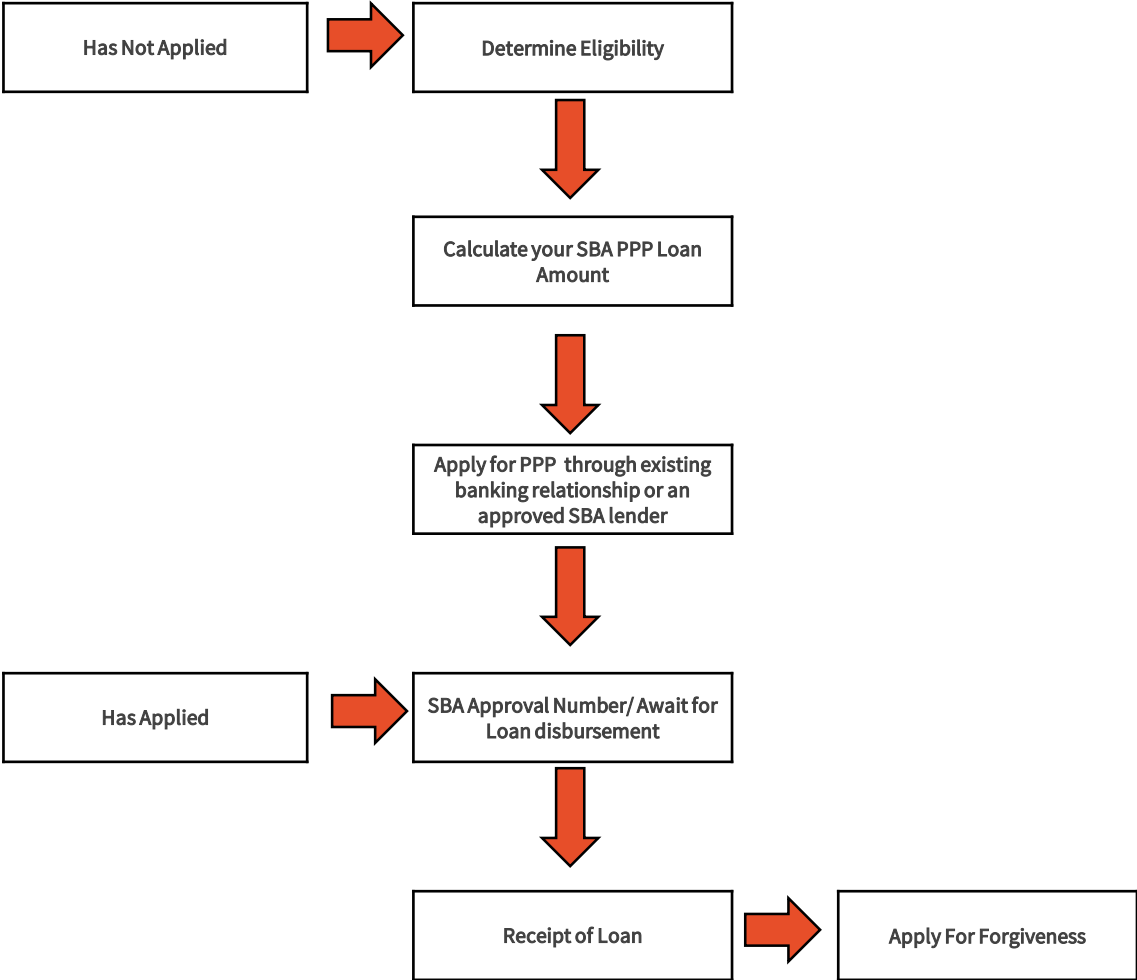
Financing Considerations

LOAN DETAILS

| | SBA 7(a) Paycheck Protection Program | SBA Economic Injury Disaster Loan (EIDL) Loan/Grants |
|-----------------------------|---|---|
| When can I apply | Unknown at this stage; possibly 1-2 weeks while SBA gets lending rules to banks | Now |
| Who Qualifies | Business < 500 employees; Independent Contractors, Sole Proprietors | Business < 500 employees; Independent Contractors, Sole Proprietors |
| Where to go: | Any Local SBA 7(a) lender | www.sba.gov/disaster |
| Details/Descriptions | | |
| Loan amounts | Up to \$10M or 2.5X the average monthly payroll cost | Up to \$2M in loans |
| Rates / term | fixed-capped 1.0% / 2 Yr Term | fixed 3.75% / 30 Yr Term |
| Eligibility decision | Lender | SBA |
| Allowable Uses of Funds | Only for employee salaries, medical benefits, retirement, employer payroll taxes, certain types of sole proprietors and independent contractors, mortgage interest, rent and utility costs. | Payroll, Fixed Debts, Accounts Payable, other expenses that can't be paid due to the disaster |
| Restrictions | Can't be used for staff > \$100K annually | Can be used on all business related expenses |
| Fees/collateral | All waived | UCC lien on assets of the business; PGs on loans >\$200K; No real estate liens |
| Deferral of payment | 6 month payment deferral; interest accrues | 12 month payment deferral; interest accrues |
| Forgiveness | Full or partial forgiveness based on retention of staff; Pending final rulings. Loan recipients will be able to apply for loan forgiveness over 8-weeks for eligible payroll costs, mortgage interest, rent and utility costs. All cancelled debt will be excluded from taxable income. | 0% is eligible for forgiveness |

Financing Considerations

Paycheck Protection Program Application Process



Financing Considerations

PREPARING TO APPLY

- Eligibility:
 - All businesses – including nonprofits, veterans organizations, Tribal business concerns, sole proprietorships, self-employed individuals, and independent contractors – with 500 or fewer employees can apply. Businesses in certain industries can have more than 500 employees if they meet applicable SBA employee-based size standards for those industries.
 - Businesses with an active line of credit with their lending institution may still apply
 - If any owner of the business is a convicted felon, the business is not eligible to apply
 - If your business filed for bankruptcy, this is generally an issue and your lender may prohibit you from applying

Financing Considerations

PREPARING TO APPLY

- Payroll documentation*
 - 2019 year Payroll as reported to the IRS (Can be retrieved from Payroll Servicer)
 - Employer Retirement (401K) expense + Employer Match
 - State Unemployment Tax Act (SUTA)
 - 2019 year Health Insurance Premiums Invoice (Can be retrieved from Healthcare Insurance Provider)
 - Form 941 for all quarters in 2019
 - Form 940 for 2019 year
- Complete Borrower Application Form
 - <https://www.sba.gov/document/sba-form--paycheck-protection-program-borrower-application-form>

*The listed forms, documentation and data are likely to be required during the application process, may vary by lender, and may not be applicable for all practices

New Round of PPP Funding

CALCULATION OF LOAN

How do I calculate the maximum loan amount I can borrow?

- (i) Step 1: Compute 2019 payroll by adding the following:
 - a) 2019 gross wages and tips paid to your employees whose principal place of residence is in the United States computed using 2019 IRS Form 941 Taxable Medicare wages & tips (line 5c- column 1) from each quarter plus any pre-tax employee contributions for health insurance or other fringe benefits excluded from Taxable Medicare wages & tips; subtract any amounts paid to any individual employee in excess of \$100,000 annualized and any amounts paid to any employee whose principal place of residence is outside the United States; and
 - b) 2019 employer health insurance contributions (health insurance component of Form 1040 Schedule C line 14), retirement contributions (Form 1040 Schedule C line 19), and state and local taxes assessed on employee compensation (primarily under state laws commonly referred to as the State Unemployment Tax Act or SUTA from state quarterly wage reporting forms).

New Round of PPP Funding

CALCULATION OF LOAN

How do I calculate the maximum loan amount I can borrow?

- (ii) Step 2: Calculate the average monthly amount (divide the amount from Step 1 by 12).
- (iii) Step 3: Multiply the average monthly amount from Step 2 by 2.5.
- (iv) Step 4: Add the outstanding amount of any EIDL made (funded) between January 31, 2020 and April 3, 2020 that you seek to refinance, less the amount of any advance under an EIDL COVID-19 loan (because it does not have to be repaid).

You must supply your 2019 Form 1040 Schedule C, Form 941 (or other tax forms or equivalent payroll processor records containing similar information) and state quarterly wage unemployment insurance tax reporting forms from each quarter in 2019 or equivalent payroll processor records, along with evidence of any retirement and health insurance contributions, if applicable. A payroll statement or similar documentation from the pay period that covered February 15, 2020 must be provided to establish you were in operation on February 15, 2020.

New Round of PPP Funding


WORK THROUGH YOUR BANKER

Once your application has been submitted:

- Continue to monitor email for confirmation of application, SBA Number, and next steps
 - If you applied but do not have an SBA number what is next?
 - Most banks are generally placing these customers at the front of the list. Work with your banker TODAY to ensure that you are there
- The lender notifies the borrower once an approval decision from the Small Business Administration is reached
- The bill includes \$60B for participants that do not have an existing banking relationship

If you do not have an existing banking relationship, you will need the phone number and email of a real person. Find eligible lenders here <https://www.sba.gov/paycheckprotection/find>

- If you continue to have challenges finding a banking relationship please reach out to us at info@catalysthealthnetwork.com



**Economic Injury
Disaster Loan
(EIDL)**

Financing Considerations

LOAN DETAILS

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EIDL Application

- **What can the loan be used for?**

- These loans may be used to pay up to 6 months worth of fixed debts, payroll, accounts payable and other bills that can't be paid because of the disaster's impact

- **How do I apply?**

- Directly w/ the SBA online.
- Once the application process opens, you can go to this link. This link currently shows the application is closed so there could be an updated link once open. <https://www.sba.gov/disaster-assistance/coronavirus-covid-19>
- If I have questions, how do I reach SBA?
- For questions, please contact the SBA disaster assistance customer service center at 1-800-659-2955 (TTY: 1-800-877-8339) or e-mail disastercustomerservice@sba.gov

- **When do I apply?**

- Do this as soon as possible. Funds may be fully allocated in a short time window due to the high demand by borrowers securing loans.

EIDL Application Process

- **Application Process-1st Step**

- The EIDL shows to take less than 2 hours. From experience, we believe this is less than 30 minutes.
- It starts w/ a disclosure and certification section to determine if your eligible.
- Following the disclosure section is a business section. They could require your income statement for 2019 and possibly up through the current months of 2020.
- Finally, the final section is a request for business owner information.

- **Application Process-2nd Step**

- You will receive an SBA EIDL application number. This screen shot should be printed and saved.
- Gather needed documents that will most likely be requested by SBA:
 - personal financial statements and tax returns for > 20% owners
 - current and prior year income statements and balance sheets for the applying entity
 - tax returns of the applying entity
 - debt schedule for all fixed debt.

EIDL Application Process



- **Application Process-3rd Step**

- SBA will pull applicant's credit
 - SBA will send Quote/Offer
 - Applicant Accepts Offer
 - Loan Reviewed
 - Closing/Funding
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- Once SBA contacts the borrower with approval, the closing and funding appears to take approx. 2 - 7 days. In general, if there aren't issues, people are reporting getting funding about 2 - 3 weeks after the first EIDL credit pull is completed (which for most is the first sign anything is happening).

Loan Terms

- **What are the terms on this Loan?**
 - Up to a max of \$2M, 30 years at 3.75% or 2.75% for non-profits. Final terms are determined on a case-by-case basis.
 - Borrowing up to \$200K does not require a personal guarantee.
 - Loans under \$25K require no collateral. Loans > \$25K will require a general security interest in business assets. Loans over \$500K may require real estate liens.
 - The 1st payment is deferred for 12 months.
- **Is it forgivable?**
 - No, these require full payback with interest.
- **Should I apply for the EIDL Advance?**
 - Yes, this is an advance on the EIDL loan up to \$10K? (\$1K per employee). This advance is paid quicker and is forgivable. This amount will be reduced from your loan amount once approved.

More Questions?

Our team is here to guide you through the process.



Reminders



Patient Resources

Website

www.catalysthealthnetwork.com/coronavirus

Hotline

(214) 964-0319

Practice Resources

Care Alerts

- Released every Monday, Wednesday, and Friday

Catalyst Resource Page

- Bookmark this page in your internet browser for easy access
 - Click here for additional practice resources & to sign up for Care Alerts:
 - <https://www.catalysthealthnetwork.com/network-resources>
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