

COVID-19 SMALL BUSINESS LOAN OPTION:

PAYCHECK PROTECTION PROGRAM (PPP)

UPDATED 4/22/2020

The Paycheck Protection Program (PPP) is part of the new CARES stimulus package, a federal loan program created to help small businesses who have been severely impacted by COVID-19. The main objective of this loan is to help businesses retain their workforce and assist with other operational expenses. Up to 100% of the PPP loan can be forgiven if certain requirements are met and documented for your lender and the Small Business Administration (SBA).

This guide is intended to help you quickly understand how to apply the final rules issued by the United States Treasury to your business, originally posted on April 3, 2020 and appended on April 6, 2020. Review the [final rules](#) and see the [addendum](#) that clarifies a number of provisions in the rule on the treasury.gov website.

IMPORTANT DETAIL: You can only have an application in processing by one lender at a time, so it's very important that you apply with the right lender the first time and you have the right supporting documentation to receive approval on your lender's first review. This document is aimed at being sure you understand the PPP loan program and what's needed to qualify and what documentation is required to receive approval and funding. FINSYNC will help you submit to the right lender.

ELIGIBILITY	<p>You are eligible if you were in operation before February 15, 2020 and are classified as one of the following:</p> <ul style="list-style-type: none"> • A small business with fewer than 500 employees • A small business that otherwise meets the SBA's size standard • A 501(c)(3) with fewer than 500 employees • An individual who operates as a sole proprietor • An individual who operates as an independent contractor • An individual who is self-employed who regularly carries on any trade or business • A Tribal business concern that meets the SBA size standard • A 501(c)(19) Veterans Organization that meets the SBA size standard
USE OF FUNDS	<p>You can use funds for the following expenses and receive forgiveness:</p> <ul style="list-style-type: none"> • Payroll costs (excluding 1099 contractors) • Group health insurance benefits, paid sick leave, medical and insurance premiums • Mortgage or rent payments • Utilities • Interest on any other debt obligations that were incurred before the loan period
FUNDING AMOUNT	<p>You can receive:</p> <ul style="list-style-type: none"> • 2.5 times your business' average monthly payroll costs, up to \$10 million in total funding • Plus, if you took out an Economic Injury Disaster Loan (EIDL) between Feb 15, 2020 and June 30, 2020, and want to refinance the loan into the PPP, this is optional, but subject to the \$10 million cap in total funding.
FUNDING CALCULATION (Payroll Costs)	<p>IMPORTANT: Your payroll costs should be calculated based on the average of the most recent trailing twelve months, April 2019 to March 2020. However, we see some lenders wanting to use calendar year 2019 so most readily available tax documents match the amount that you are presenting. For best and fastest turnaround time, we recommend</p>

<p>FUNDING CALCULATION (Payroll Costs) (cont')</p>	<p>submitting 2019 and append to include the first quarter of 2020. (Note: exceptions apply for seasonal businesses (use 12 week period starting Feb 15, 2019 or March 1, 2019) and new businesses not operational in 2019 (use Jan and Feb 2020)):</p> <ul style="list-style-type: none"> • Salary, wage, commission or similar compensation (excluding 1099 contractors) • Payments of cash tips or equivalent • Payment for vacation, parental, family, medical, or sick leave • Allowance for dismissal or separation • Payment required for the provision of group health care benefits, including insurance premiums • Payment of any retirement benefits • Payments of state or local tax assessed on the compensation of employees <p>Less (amount you need to subtract from the above, using the same period for calculating included payroll costs):</p> <ul style="list-style-type: none"> • Compensation of an individual employee in excess of an annual salary of \$100,000, prorated from date of hire (generally, assume wage cap of \$8,333 per month) • Any compensation of an employee whose principal place of residence is outside of the United States • Qualified sick leave wages and Qualified family leave wages for which a credit is allowed under sections 7001 or 7003 of the Families First Coronavirus Relief Act (FFCRA)
<p>PAYROLL COST (Supporting Documents)</p>	<p>You will need to supply:</p> <ul style="list-style-type: none"> • For corporations, LLCs and Partnerships: <ul style="list-style-type: none"> ◊ Full year 2019 payroll tax reports including IRS Forms 941 and 940 including documents sufficient to determine employees exceeding payroll limit of \$100,000 • For independent contractors <ul style="list-style-type: none"> ◊ Full year 2019 IRS Forms 1099 or 1096 for 1099 employee • For sole proprietors <ul style="list-style-type: none"> ◊ Personal tax returns including Schedule C • For all <ul style="list-style-type: none"> ◊ 2019 statement of health care benefits including insurance premiums paid ◊ 2019 statement of retirement benefits paid ◊ 2019 statement of income and unemployment tax filing reports
<p>PAYROLL COST CALCULATOR</p>	<p>You can use Appendix A as a tool for calculating payroll costs</p>
<p>APPLICATION (Supporting Documents)</p>	<p>You will need to provide:</p> <ul style="list-style-type: none"> • Copy of front and back of driver's license or government ID for all who own 20% or more of the entity applying for funding
<p>APPLICATION (Applicant Requirements)</p>	<p>You (and all who own 20% or more):</p> <ul style="list-style-type: none"> • Must be a U.S. citizen or have lawful permanent resident status • Must not, in the last 7 years, been convicted, pleaded guilty, pleaded nolo contendere, been placed on pretrial diversion or been placed on any form of parole or probation for any felony or misdemeanor for a crime against a minor • Must not be presently subject to an indictment, arraignment or other by which formal criminal charges are brought in any jurisdiction, or presently incarcerated, on probation or parole • Must not be presently suspended, debarred, proposed for debarment, declared ineligible, voluntarily excluded from participation in the transaction by any Federal department or agency, or presently involved in any bankruptcy

<p>APPLICATION (Applicant Requirements) (cont')</p>	<ul style="list-style-type: none"> • Must have not, directly or through any other controlled entity, defaulted on an SBA loan or a loan from any other Federal agency that caused a loss to the government in the last 7 years • Must check yes if you own any other business or have common management with other business and if so, provide a listing of all affiliates and describe the relationship • Must check yes if you received an SBA Economic Injury Disaster Loan between January 31, 2020 and April 3, 2020 and if so, provide details
<p>OTHER DETAILS</p>	<p>You will find:</p> <ul style="list-style-type: none"> • Lenders will most likely be your current banker (this is why we work to help you get in sync with your current bank online) • No loan payments will be due under this program until six months after the date of the loan, and may be able to be deferred up to one year • No fees are included in the loan. • Interest rate starts at 1%. • Good faith certification that: <ul style="list-style-type: none"> ◊ The uncertainty of current economic conditions makes the loan request necessary to support ongoing operations ◊ Funds will be used to retain workers and maintain payroll or make mortgage, lease and utility payments ◊ You do not have another application pending for a loan duplicative of the purpose ◊ From February 15, 2020 and December 31, 2020 you have not received a loan duplicate of the purpose and amounts applied for • No collateral or personal guarantees will be required • You will need to list the number of jobs you support and be prepared to report on how this number has changed after funding, and potentially show supporting documentation, as determined by your lender
<p>FORGIVENESS CALCULATION</p>	<p>Up to 100% of the principal amount of the loan may be forgiven if you use the proceeds on qualified expenses, such as:</p> <ul style="list-style-type: none"> • Maintaining support for at least the number of jobs you had when applying, and funds were used for the items listed in the "Use of Funds" section above • At least 75% of the amount used must be for payroll to qualify for maximum forgiveness, the remainder may be used for other qualifying expenses. • To qualify for forgiveness, expenditures for both payroll and other expenses must occur within 8 weeks of receiving the loan
<p>NON-FORGIVEN AMOUNT</p>	<p>Any amount not forgiven will need to be repaid pursuant to the terms of the note you enter into with your lender.</p>

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APPENDIX A

Maximum Loan Amount Calculator

Be prepared to enter all of 2019 numbers and the first quarter of 2020. With FINSYNC’s calculator, you can toggle and see the difference between maximum loan amount using 2019 or the last twelve months (April 2019 through March 2020). Your lender will more than likely use the last twelve months to calculate your loan amount and the last calendar year and supporting tax documents for the purpose of underwriting your loan.



↓ [DOWNLOAD CALCULATOR](#)
for Microsoft Excel



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for Google Sheets



Business Name: [Add Here](#)

FEIN: [Add Here](#)

Beginning date of Business: [Add Here](#)

Payroll Period Reflected: [Add Here](#)

Payroll Protection Program (PPP) under the CARES Act
Loan Estimation Worksheet
Non-Seasonal business, since 2019

Summary data entered below if for (Add Here) to (Add Here) (Recommend date range of April 2019 to March 2020, assuming you were in business during these dates)

Average Monthly Included Payroll Costs	Average Monthly Exclusions
Salary, Wage, Commission, or Similar Compensation <input style="width: 100%;" type="text"/> 1	Compensation of an individual employee in excess of an annual salary of \$100,000 <input style="width: 100%;" type="text"/> 8
Payment of cash tip or equivalent <input style="width: 100%;" type="text"/> 2	Any compensation of an employee whose principal residence is outside the U.S. <input style="width: 100%;" type="text"/> 9
Payment of Vacation, Parental, Family, Medical, or Sick Leave <input style="width: 100%;" type="text"/> 3	Qualified sick leave wages <input style="width: 100%;" type="text"/> 10
Allowance for Dismissal or Separation <input style="width: 100%;" type="text"/> 4	Qualified family leave wages <input style="width: 100%;" type="text"/> 11
Payment required for the provisions of Group Health Care Benefits, including Insurance Premiums <input style="width: 100%;" type="text"/> 5	
Payment of any Retirement Benefit <input style="width: 100%;" type="text"/> 6	
Payment of State or local tax assessed on the compensation of employees <input style="width: 100%;" type="text"/> 7	
Average Monthly Included Payroll Costs \$ <input style="width: 100%;" type="text" value="-"/>	Average Monthly Exclusions \$ <input style="width: 100%;" type="text" value="-"/>
	Qualified Average Monthly Payroll \$ <input style="width: 100%;" type="text" value="-"/>
	Outstanding EIDL (if Applicable) <input style="width: 100%;" type="text"/> 12
	Estimated Maximum Loan Amount \$ <input style="width: 100%;" type="text" value="-"/> (cannot exceed \$10 million)

1. Sum of any Salary, Wage, Commission or similar compensation paid to employees (excluding 1099 contractors)
2. Sum of Cash Tip or equivalent paid to employees
3. Sum of Vacation or Leave paid to employees
4. Sum of Dismissal or Separation paid to employees
5. Sum of company paid Group Health Care Benefits including premiums paid on behalf of employees

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6. Sum of company paid Retirement Benefits paid on behalf of employees
7. Sum of company paid State or local taxes paid on behalf of employees
8. Sum of compensation paid to employees in excess of \$100K as prorated for the period (i.e greater than \$8,333 / month)
9. Sum of any compensation paid to employee whose principal residence is outside the United States
10. Sum of qualified sick leave wages for which a credit is allowed under Section 7001 of the Families First Coronavirus Relief Act (FFCRA)
11. Sum of qualified family leave wages for which a credit is allowed under Section 7003 of the Families First Coronavirus Relief Act (FFCRA)
12. Outstanding amount of any Economic Injury Disaster Loan (EIDL) taken out between Feb 15, 2020 and June 30, 2020 that would be refinanced into the PPP loan amount.

Note: Individual judgement and interpretation of the CARES Act and U.S. Treasury guidance may be necessary by you as the user of this Worksheet.



For more information about the PPP loan program and how FINSYNC can match you with a trained advisor whom will help you complete your worksheet and submit your application.

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