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# CARES Act 2020

“Coronavirus Aid, Relief, and Economic Security Act”

**Updated April 1, 2020**

**Vanderbloemen**

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# Details of the Paycheck Protection Program

## Other details

- Lenders will most likely be your current banker.
- No loan payments under this program are due for **6 months**~~4-year~~. No fees are included in the loan. **Interest rate .5% and loan term 2 years.**
- **No prepayment penalties or fees.**
- **Good Faith Certification**

You will need to certify the loan will be used for the following:

- Support ongoing operations
- Funds used to retain workers and maintain payroll or make mortgage, lease, and utility payments.
- **No collateral or personal guarantees will be required**

# Disclaimer:

We are not attorneys, politicians or experts in this field. However, here is our opinion as of **April 1, 2020.**

Our focus will be on the “**Paycheck Protection Program**”



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# STEPS FOR APPROVAL



Senate Approval



Signature of President



House Approval



***Received March 30, 2020***

Instructions and details from  
Small Business Administration to  
Banks



# Who can participate?

1

All organizations  
under 500  
employees

3

All 501c3  
organizations  
includes churches,  
nonprofits, schools  
and small businesses

2

Other Small Business  
restrictions do not  
apply



# Details of the Paycheck Protection Program

- Focus period of time from February 15, 2020 to June 30, 2020
- Small Businesses, Non-profits, Churches, and any other 501c3 organization
- This is separate from the Small Business Administration Disaster Relief Fund
- It will be administered by the Small Business Administration
- Apply with your local bank or lending institution in your area “**Series 7A lender.**”
- \$349B funded to support this program
- For organizations under 500 employee



# Details of the Paycheck Protection Program

## Payroll costs to include:

- Salary or wages, payments of a cash tip
- Vacation, parental, family, medical and sick leave
- Health benefits
- Retirement benefits
- State and local taxes (not federal taxes)
- ~~1099 contractors up to \$100k per year~~
- Limited up to \$100k annual Salary/wage for each employee
- Housing allowances





# Calculation of Loan Amount

Payroll Costs	4/2019	5/2019	6/2019	7/2019	8/2019	9/2019	10/2019	11/2019	12/2019	1/2020	2/2020	3/2020
Total Payroll	\$15,700	\$15,878	\$15,700	\$14,700	\$15,700	\$14,800	\$15,700	\$15,100	\$15,700	\$15,500	\$15,700	\$15,500
Average Payroll for the above:	\$15,473	Multiplied by 2.5	=	\$38,683								

**Average Payroll from the above 12 months: \$15,473 X 2.5 = \$38,683**

Maximum amount of allowable loan \$10M

This amount can be used by Churches, Non-Profits, all other 501c3s and small businesses for Payroll, Benefits, Mortgage, Rent, Utilities, and interest other debt obligations.

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# Details of the Paycheck Protection Program

Loan funds can be used to cover the following expenses:

- Payroll Costs **(75% of the loan must be used for Payroll Costs)**
- 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
- **If you use the loan for other things, that portion of the loan will not be forgiven**

**Loan proceeds need to be used by June 30, 2020 to be eligible for forgiveness of the loan.**

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# Forgiveness of Loan Qualifications

- If the loan is used for the payroll costs, benefits, mortgage, rent, or interest on other debt obligations, then those dollars can be forgiven.
- Not more than 25% of the forgiven amount may be for non-payroll costs.
- Loan forgiveness will be reduced if you decrease your full-time employee headcount.
- Your loan forgiveness will also be reduced if you decrease salaries by more than 25% for any employee that made less than \$100,000 in 2019.
- You have until June 30, 2020 to restore your full-time employment and salary levels for any changes between Feb. 15 to April 26, 2020.



# Forgiveness of Loan (completed in July 2020)

If the loan is used for the payroll costs, benefits, Mortgage, Rent, or interest on other debt obligations, then the following is how you determine the amount of the loan that will be forgiven:

## Example #1

<b>18</b> <b>Avg. Monthly FTE (Feb. 15, 2020 - June 30, 2020)</b>	Divided by	<b>19</b> <b>Avg. Monthly FTE (Feb. 15 to June 30, 2019)*</b>	=	<b>94.70%</b>
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**FTE = Full Time Employee Equivalents**

**94.70% of the total Loan Amount will be Forgiven.**

**5.3% of the total Loan Amount will be paid back over a **2 year** period of time.**

**(\*you can also use average monthly FTE of January 1, 2020 to Feb. 29, 2020)**



# Forgiveness of Loan (completed in July 2020)

If the loan is used for the payroll costs, benefits, Mortgage, Rent, or interest on other debt obligations, then the following is how you determine the amount of the loan that will be forgiven:

## Example #2

<b>22</b> <b>Avg. Monthly FTE (Feb. 15, 2020 - June 30, 2020)</b>	Divided by	<b>20</b> <b>Avg. Monthly FTE (Feb. 15 to June 30, 2019)*</b>	=	<b>110%</b>
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**FTE = Full Time Employee Equivalents**

**100% of the total Loan Amount will be Forgiven.**

**0% of the total Loan Amount will be paid back over a **2 year** period of time.**

**(\*you can also use average monthly FTE of January 1, 2020 to Feb. 29, 2020)**



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# Details of the Paycheck Protection Program

## **Good Faith Certification (At Applicant and after coverage period - post July 2020)**

- **Organization needs the loan to support ongoing operations during COVID19.**
- **Support ongoing operations**
- **Funds used to retain workers and maintain payroll or make mortgage, lease, and utility payments.**
- **Have not and will not receive another loan under this program.**
- **Provide lender documentation verifying information of funds used**
- **Everything is true and accurate.**
- **Submit tax documents and that they are the same submitted to IRS**
- **Lender will share information with the SBA and its representatives**

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# Details of the Paycheck Protection Program

## **Civil Rights (13 C.F.R. 112, 113, 117)**

- Requires that no person shall on the grounds of age, color, handicap, marital status, national origin, race, religion or sex, be excluded from participation in, be denied the benefits of or otherwise be subjected to discrimination under any program or activity for which the applicant received Federal financial assistance from SBA.

## **OSHA (Occupational Safety and Health Act)**

- Certifying that to the best of your knowledge, you are in compliance with the applicable OSHA requirements & will comply during loan.



## **\$350 Billion You Are Eligible for Will Go FAST !!!!**

<https://www.vanderbloemen.com/blog/churches-nonprofits-cares-act>

- **Let's do some easy math.**
- **In the US, there are over 5.8 million small businesses with 500 employees or less. There are approximately 300,000 churches and 1.5M nonprofits in America.**
- **88% of small businesses have 20 employees with an average salary of \$45,857. This salary does not include benefits and other payroll costs covered under the PPP.**
- **5.8M Small Businesses X 88% X 20 employees X 2.5 months of \$45,857 salary/12 months = \$975B**

**\$975B is 2.8 times the amount funded for Paycheck Protection Program**

# Other Funds Available

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Many other Funds available available for Small Business, but the Payroll Protection Program is the most needed by Churches, Nonprofits, and other 501c3s.

Founder & CEO

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**Thank You**

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