

Two Amazing Ideas During Home-Along Days

1. Keeping Non-Profit (and smaller “for-profit” companies’) Workers Paid and Employed

CARES Act: Division A – Keeping Workers Paid and Employed

Contact your bank today – ask them if they are in the new PPP Loan Program from the CARES Act. If yes, follow their instructions; if no, move on to another nearby bank.

Section 1101 – Definitions (page 8)

- The Small Business Administration is the Administrator; find a bank who processes SBA loans
- Small Business Concern is as defined in Section 3 of the Small Business Act – and **includes 501©(3) non-profits** – but is **expanded to companies of 500 employees or less and individuals** who operate under a sole proprietorship or as an independent contractor.
- The Covered **Period is Feb 15, 2020 to June 30, 2020**

Section 1102 – Paycheck Protection Program (page 9)

- **Covered costs** - include Payroll Costs for employees whose annualized compensation is under \$100,000 and included salary, wages, commissions, cash tips, vacation pay, medical leaves, group health care benefits including insurance premiums, retirement benefits and state and local taxes on employee compensation. Also included are payments of compensation to a sole proprietor in an amount that is not more than \$100,000/year as prorated for the covered period
- **U.S. Based:** Employees principal place of residence must be inside the United States
- **Maximum loan amount** is the lesser of the average total monthly payments for Payroll Costs incurred during the one-year period before the loan date, or \$10,000,000. (page 18)
- **Allowable uses** - of the covered loan: (page 20)

Payroll Costs, Group health care during paid sick, medical or family leave and insurance premiums, salaries, commissions, interest on mortgage obligation, rent, utilities and interest on debt incurred before the covered period

- **Nonrecourse** – the Administrator shall have no recourse against any individual shareholder, member or partner of an eligible recipient of a covered loan for non-payment of any covered loan except if the loan proceeds are for a purpose not authorized here. (page 22)
- **Certification** - The recipient must make a good faith certification that the uncertainty of current economic conditions makes necessary the loan request to support the ongoing operations and acknowledging that funds will be used to retain workers and maintain payroll or make mortgage payments, lease payments and utility payments.
- **Fee Waiver** – the Administrator shall collect no fee (page 24)
- **Credit Elsewhere** – During the covered period, the requirement that the concern is unable to obtain credit elsewhere shall not apply to a covered loan. (page 24)
- **Waiver of Personal Guarantee Requirement** – During the covered period with respect to a covered loan, no personal guarantee shall be required for the covered loan
- **No collateral required.**
- **Maturity for Loans with Remaining Balance**

With respect to a covered loan that has a remaining balance after reduction based on the loan forgiveness under Section 1106, the remaining balance shall continued to be guaranteed by the Administration for a maximum maturity of 10 years and the interest rate will not exceed 4 percent.

Section 1106: Loan Forgiveness (page 41)

In this section the covered period means the 8-week period beginning on the date of the origination of a covered loan;

- **Forgiveness** – a recipient shall be eligible for forgiveness of indebtedness on a covered loan in an amount equal to the sum of Payroll Costs, Rent, utilities, etc.
- **Remittance** – not later than 90 days after the date on which the amount of forgiveness is determined, the Administrator shall remit to the lender an amount equal to the amount of forgiveness plus interest.
- **Limits on Amount of Forgiveness** – the full loan may be forgiven, but reduced by multiplying the amount of the loan by the ratio of the average number of full-time equivalent employees per month during the covered period, divided by (at the choice of the borrower) either the average number of FTE's per month during the period Feb 15, 2019 and June 30, 2019, or the average number of FTE's per month during the period Feb 15, 2020 and June 30, 2020
- **Reductions in Payroll** - The amount of loan forgiveness shall be reduced by the amount of any reduction in total salary of any employee that is in excess of 25% of the total salary during the most recent full quarter which the employee was employed.
- **Application** – to seek loan forgiveness the recipient shall submit to the lender documentation verifying the number of FTE's on payroll and pay rates, payroll tax filings, state income, payroll and unemployment insurance filings, documentation including cancelled checks, and other documents verifying payments. Also, a certification from a representative of the recipient authorized to make such certifications that the documentation presented is true and correct.
- **Decision** – not later than 60 days after the date on which a lender receives an application for loan forgiveness the lender shall issue a decision.
- **Taxability** – any amount which would be includable in IRS gross income of the recipient by reason of forgiveness shall be excluded from gross income.

2. Pick up a copy of my recently published book – a great read, fun, adventurous and with a great underlying message that:

“it is never too late to find a new passion in life!”

Thank you.

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