



WEBINAR: UNDERSTANDING THE NEW SBA LOAN PROGRAM

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SBA Loan Program FAQs

1. What is the maximum dollar amount available for a qualified small business?

The maximum loan available is 250% of average monthly payroll costs (as defined in the Act) or \$10MM, whichever is less.

2. If I have an existing SBA loan, can I still qualify under the CARES act?

Yes

3. Since the CARES Act makes the new SBA guaranteed loan program available to non-profits, I assume that churches will be able to make application for the loans – and also get the forgiveness that CARES Act offers?

These loans are limited to non-profits that are registered as a 501(c)(3) entity with the IRS.

4. Will SBA lend to buy-here-pay-here car dealers?

As long as other small business requirements are met, such as number of employees, then yes a BHPH dealer could obtain funding.

5. Will this cover owners payroll cost? In other words will the owner be paid?

Yes, an owner's compensation could be included. However, the compensation limitations still apply.

6. Did I understand you to say that floorplan interest on individual vehicles floored after 2/15/20 would not be qualified?

All floorplan interest on individual vehicles can be a covered expenses as long as the floorplan line was in place prior to 2/15/2020.

7. Does this cover owner w-2 and/or draws?

Our understanding is that it will cover owner W2 employee compensation and self-employment earnings of a sole proprietor or independent contractor. It is not clear whether guaranteed payments are included.

8. I'd like to know about the forms required to apply and some of the info they are requesting on those forms.

No application documents have been finalized or released yet.

9. How are these requirements reconciled for commission based compensation plans that by nature are highly variable?

Commissions are included as a payroll costs in the language of the Act.

10. What if you're are paying yourself rent (to a separate entity that you own), does this qualify?

Our understanding of the Act is that all rent based on an agreement in place prior to 2/15/2020 is a covered expense.

11. Will the forms that have to be completed for the COVID loans be different than the EIDL loans? If so, when will new loan docs be available to complete.

Yes, the loan application documents are expected to be much more streamlined. We expect loan applications to be available in one to two weeks.

12. How long do you think the funding will be once the application is received and approved?

Our expectation is that the funding will be expedited. However, we do not have an exact timeline.

13. Do we start this process with a pending institution or with the SBA. In other words, who do we submit our loan docs to?

The loan process will be with a participating bank or credit union, not directly with the SBA.

14. For your plumber you spoke of, if this plumber is a SMLLC but has no employees then he is ineligible for this assistance because he has no employees?

A sole proprietor could be eligible based on the amount of income subject to self-employment taxes.

15. I understand there is a \$10,000 grant that you can access when you apply for the EIDL funding. How do we apply for that portion of the funding?

There is no such grant in this new loan program.

16. If my business has slightly more than 500 employees, is it eligible to participate?

No, unless you are deemed by the SBA to be in an industry with a higher threshold of maximum employees.

17. We have cut hours back to 4 day weeks (20%) reduction already - does that exempt us?

The reduction of compensation to employees could decrease the amount of debt forgiveness available. It does not prevent you from applying for a loan.

18. We have laid a few off already but less than 20% of our work force - does that exempt us?

The reduction of workforce based on an FTE basis could decrease the amount of debt forgiveness available. It does not prevent you from applying for a loan.

19. Where do we go or how do we apply for the SBA loan?

You will need to coordinate with your participating bank or credit union. Once the application documents are released, we are available to answer questions and help with the process.

20. I have heard this loan must be paid back, then I heard it would be forgiven if we kept our people employed?

This is a loan that must be paid back, however there could be forgiveness of the loan based on employment retention and compensation metrics.