

## > Topics of discussion

### Stimulus package: Phase Three

- Paycheck Protection Program (PPP)
- Economic Injury Disaster Loans (EIDL)



## Payroll Protection Program (PPP)

# Overview and forgiveness features

### Overview

- \$349 billion allocated for the program
- Loans are available up to \$10 million with option to receive loan forgiveness if you maintain payroll
- If not forgiven, rate and term is 1%, fixed for 2 years
- Available to small businesses with 500 or fewer employees, sole proprietors, self-employed and individual contractors
  - Full-time, part-time or “other status”

### Loan forgiveness features:

- Up to 8 weeks of payroll based on employee retention and salary levels
- Employee/owner compensation over \$100,000 is not an eligible payroll expense
  - Can include first \$100,000 in eligibility/forgiveness calculation



## Paycheck Protection Program (PPP)

### Eligible uses for forgiveness

#### Eligible Costs for Payroll:

- Compensation (salary, wage, commission, or similar compensation, payment of cash tip or equivalent).
- Payment for vacation, parental, family, medical or sick leave
- Allowance for dismissal or separation
- Payment required for group health benefits, including insurance premiums
- Retirement benefits
- State or local tax assessed on the compensation of employees

#### Allowable Uses of Proceeds:

- Payroll costs (see left)
- Payments of interest on any mortgage obligation (does not include prepayment or payment of principal)
- Rent (including rent under a lease agreement)
- Utilities



## Payroll Protection Program (PPP)

### How your loan will be calculated

- If in business **in 2019**: Your loan would be equal up to 2.5 months of your average payroll over the past year
- **If seasonal company**: You can calculate your average payroll from February 15, 2019 to June 30, 2019
- **If not in business in 2019**: The max loan is equal to 2.5 months of average payroll between January 1, 2020 and February 29, 2020
- If you get an advance under the EIDL program, **that amount is deducted from the forgivable portion of your PPP loan.**

## Payroll Protection Program (PPP)

### What if I already laid off my workers?



- Reductions in employment or wages that occur **between February 15, 2020** and the **end of April** will not affect your loan forgiveness amount **if by June 30** you have eliminated any reduction in employees or wages.
- Remember, the spirit of the legislation is to keep workers paid and employed.





# Paycheck Protection Program (PPP)

## Pros and Cons

### + Pros

- Application form is short and easy to fill out
- Applications will be accepted relatively soon
- Loan payments will be deferred for 6 months
- No collateral/personal guarantees required
- No fees
- Rates for unforgivable portion of the loan are low (1%)

### – Cons

- Businesses will have to maintain payroll or rehire to take advantage of the full forgiveness amount
- The process for loan forgiveness if the business doesn't maintain payroll at 100% is hazy
- Getting to the front of the line may prove challenging for businesses that don't have current relationships w/SBA-approved lenders

# Payroll Protection Program (PPP)

## Application process

1. Check with your local bank
2. If no local banking relationship, check SBA website to find approved lender:  
<https://www.sba.gov/paycheckprotection/find>
3. The law expands the institutions that can provide PPP loans. If you are unsure if a lender is authorized, check the SBA site above or your local district office
4. Check our website, where we will be updating lenders that are offering PPP to new clients

**To learn more and access the sample application, visit [Venturize.org/resources/covid-19resources](https://Venturize.org/resources/covid-19resources).**



# Paycheck Protection Program

## How much can I get?

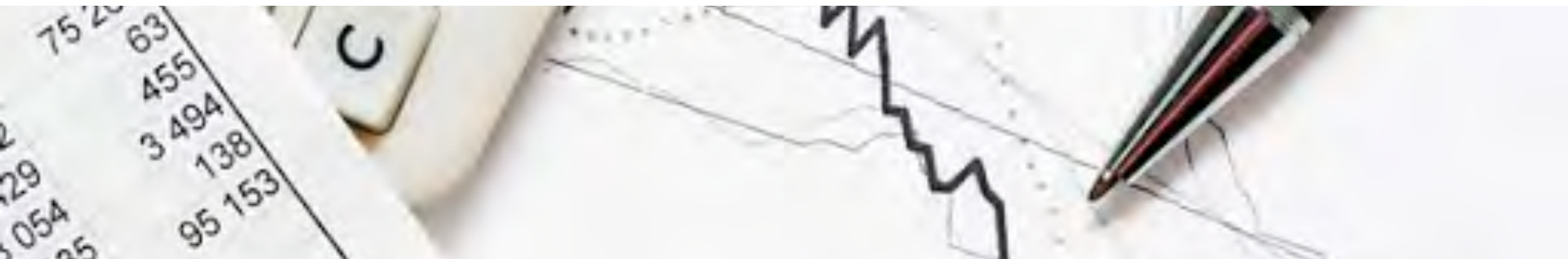
Total payroll

—

Ineligible  
compensation

=

Payroll





## Paycheck Protection Program (PPP)

How much can I get?

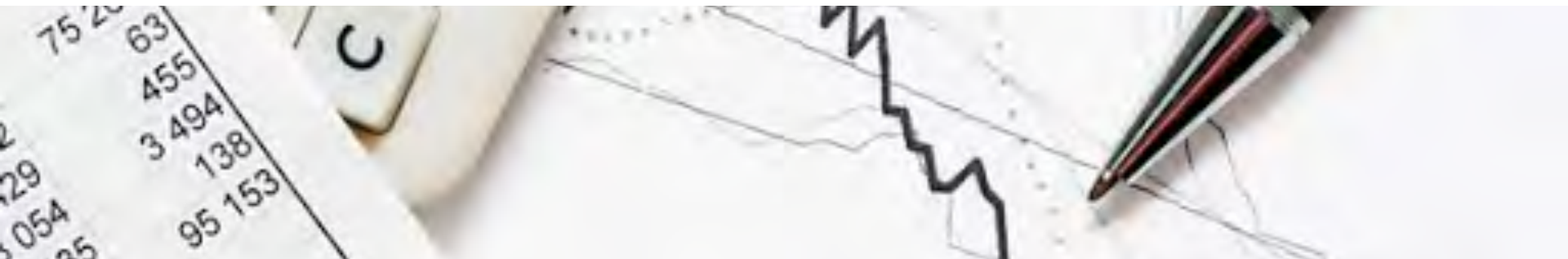
Gastos de  
compensación



12



Promedio de  
compensación  
mensual



## Paycheck Protection Program

How much can I get?

Average  
payroll

×

2.5

=

Loan size

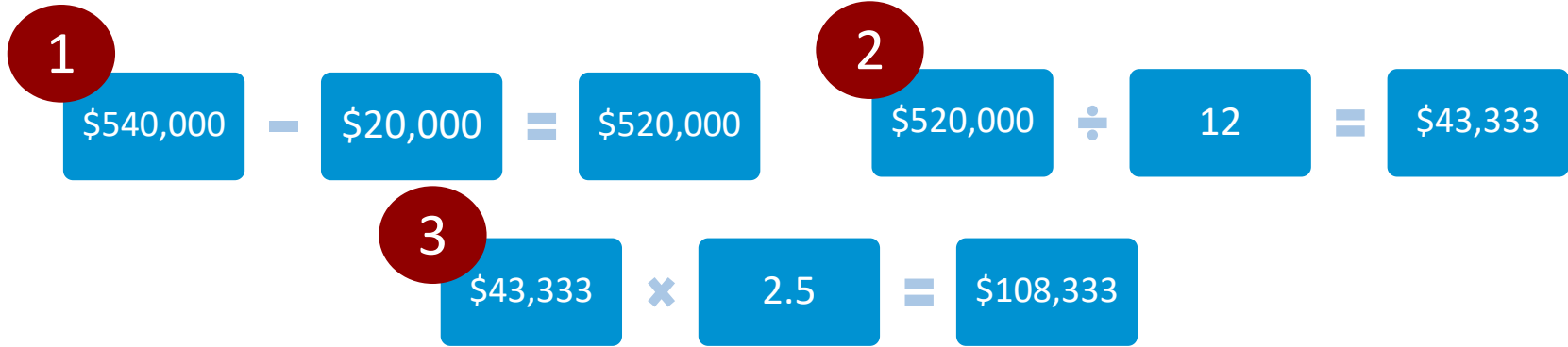


# Paycheck Protection Program (PPP)

## Example, Vestidos de Sandra

Example:

15 employees | Average payroll \$540,000 (\$3k for each employee + benefits) | January 1 2019 through through December 31, 2





# Paycheck Protection Program

## Example, Vestidos de Sandra

Sandra's payment for the 8 weeks after the loan was approved:

Loan	\$108,333
Total salary for 12 employees (8 weeks)	\$72,000
Rent due - \$3,500/mo	\$7,000
Utilities (electricity, water, telephone, internet) - \$1,500/mo	\$3,000
Materials for clothes	\$10,000



# Paycheck Protection Program (PPP)

## Example, Vestidos de Sandra

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Materials for clothes	\$10,000

Expenses that qualify for loan forgiveness: **\$82,000**

Sandra to keep the remainder of **\$26,333** at the rate of 1% interest over 2 years

You can use [this calculator](#) from NAV.org to prepare for your PPP loan application.

## > Topics of discussion

### Stimulus package: Phase Three

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- Economic Injury Disaster Loans (EIDL)



## SBA Economic Injury Disaster Loans (EIDL)

### Overview

- New provisions backdated to January 30 for those who have already applied for EIDL
- \$10 billion allocated for small business grants: **Applicants may receive up to \$10,000 grant for applying for the loan, regardless of whether or not your application is approved.**
- Loans are available up to \$2 million
- You must apply for EIDL through the SBA directly: [covid19relief.sba.gov](https://covid19relief.sba.gov)
- Rate and terms: 3.75% fixed for up to 30 years (2.75% for nonprofits)

## SBA Economic Injury Disaster Loans (EIDL)

### Application process

#### **How long does the application take?**

- SBA has streamlined the application and it should now only take about 10 minutes to complete.

#### **How long will a decision take?**

- The SBA expects decisions will be made within 3-4 weeks.





## Key takeaways



### Paycheck Protection Program

- \$10 million cap
- Sizable portion forgiven for maintaining payroll
- Max 1% over 2 years
- 2.5 months for payroll, etc.
- No collateral or personal guarantee
- The requirement that an applicant must have been in business for one year is waived

### Economic Injury Disaster Loan

- \$2 million cap
- Up to \$10k grant, available in 3 days
- 3.75% at 30 years (2.75% for nonprofits)
- No collateral
- The requirement that an applicant must have been in business for one year is waived

### Resources:

- **Venturize.org**
- Find an SBA approved-lender near you: [www.sba.gov/lendermatch](http://www.sba.gov/lendermatch)
- Partners: SCORE, Women's Business Centers, SBDCs

SBDC helps clients to  
apply for SBA loans  
and other resources

Our services are  
**FREE**



*Presented by Dennis King and Margaret A. Jackson*

# Who are we?

- Small Business Development Center(SBDC)
- Largest federal program under the Small Business Administration to help start and grow small businesses.
- We provide services through workshops and one-on-one advising.
- Our local funding partner is the County of Santa Clara.
- We often work in partnership with other organizations such as Business Owner Space, Score and Chambers of Commerce.

Start. Grow. Thrive.

# SBDC: Our mission

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**We provide ACCESS to information  
and resources to help you sustain  
and grow your business.**

# Where can you find us?



**SMALL  
BUSINESS  
DEVELOPMENT  
CENTER**

SILICON VALLEY

**Silicon Valley Small Business  
Development Center**

**Website: [www.svsbdc.org](http://www.svsbdc.org)**

**Phone: 408-385-9800**



**SMALL  
BUSINESS  
DEVELOPMENT  
CENTER**

ALAMEDA COUNTY

**Alameda County Small Business  
Development Center**

**Website: [www.acsbdc.org](http://www.acsbdc.org)**

**Phone: 510-516-4118**

# Where can you find us?

The screenshot shows the website for Silicon Valley SBDC. At the top, the browser address bar displays [https://www.svsbdc.org/index\\_silicon\\_valley](https://www.svsbdc.org/index_silicon_valley). The page header includes the text "Silicon Valley SBDC San Jose, CA" and two buttons: "APPLY NOW" and "CONTACT US".

The main navigation menu consists of the following items: "CALENDAR", "SERVICES", "ABOUT US", "SUCCESS STORIES", "COVID-19 INFO", and "RESOURCES".

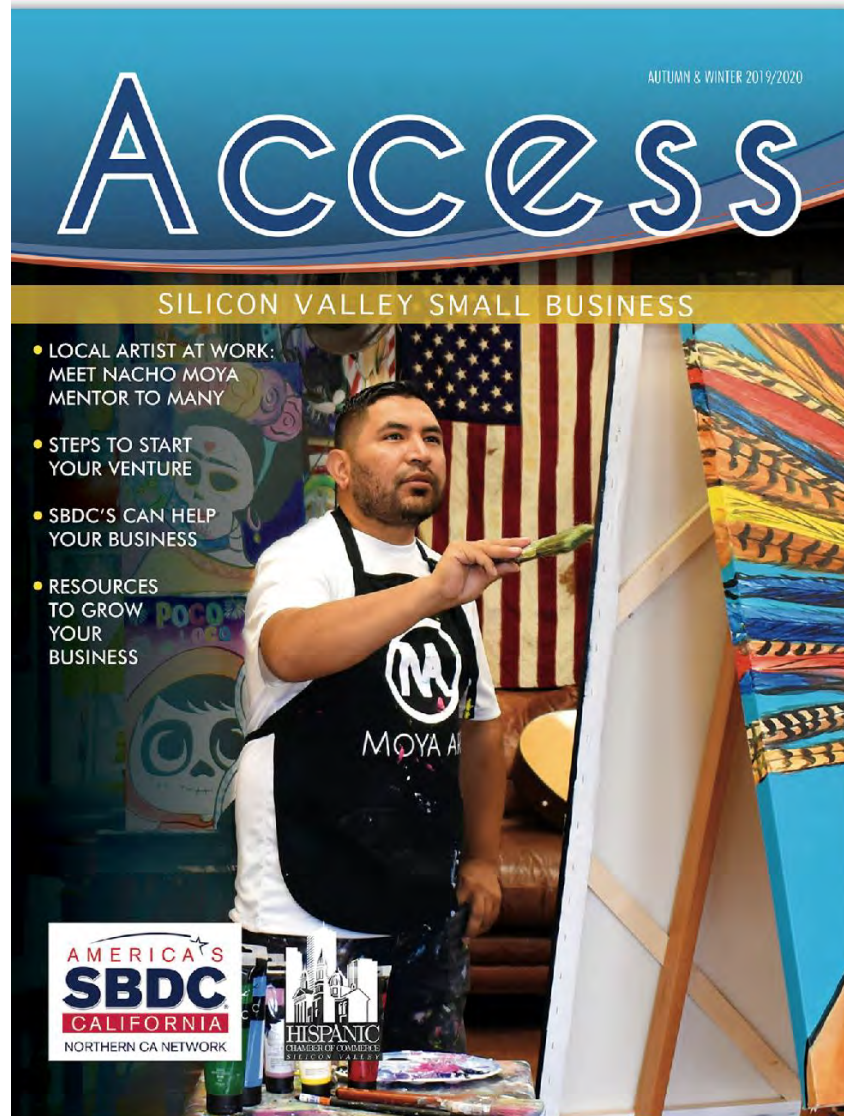
The primary content area features a large banner with the text "COVID-19 SMALL BUSINESS RESOURCES" overlaid on a collage of images showing various small business owners and their products. A "LEARN MORE" button with a plus sign is positioned in the center of the banner.

Below the banner, a dark blue bar contains the text: "We're dedicated to the success of entrepreneurs in the Greater Silicon Valley Area." At the bottom of this section is a light blue button labeled "Apply for COVID-19 EIDL".



Start. Grow. Thrive.

# Access Magazine



- <http://hccsv.com/index.html>

Start. Grow. Thrive.

# Advisors

SBDC ADVISORS

## SBDC BUSINESS ADVISORS SERVING SANTA CLARA COUNTY (Partial list)



Lourdes Arvizu



Frank Cancilla



Mary Castillo



Joe Cholko



Carl Davis Jr.



Edward Fike



Shawn Flynn



Anita Garcia



Edna H. Amezcua



Chris Horton



Jenny Huang



Shirley Interiano



Nancy Islas Aldaia



Margaret Jackson



Indu Jayakumar



Aileen Kao



Dennis King



Kristin Knaus



Bob Komoto



Allie Lopez



Connie Madrigal



Dawn Maher



Helen Masamori



Kevin McClelland



Jennie Z. Meehan



Jessica Muñoz



Jim C. Nguyen



Nga Nguyen



Nicole Nguyen



Anne O. Ramirez



Lien Phan



Pablo Pineda



Yocanex Posadas



Carlos Reza



Armando Ricardez



Sandra Sanchez



Hillary Talbot



Juanita Velasco



Helen Wang



Our business experienced advisors can speak English, Spanish, Vietnamese, Chinese and other languages.

Start. Grow. Thrive.



# Our services

- Access to Capital is one of our fundamental services.
  - We work with many banks, credit unions, alternative lenders and other finding sources.
  - We are on your side, we represent our clients.
  - We can help our clients package their loan requests.
  - We can walk you through the steps for access to the Economic Injury Disaster Loan and Payroll Protection Program.

SMALL BUSINESS LOANS UNDER  
THE CARES ACT

## DIFFERENCES BETWEEN LOANS

### PAYCHECK PROTECTION PROGRAM (7A PPP)

- > For all profit businesses and private non-profits.
- > Apply at your local SBA approved bank.

### ECONOMIC INJURY DISASTER LOAN (EIDL)

- > For sole proprietors, small agriculture coops & aquaculture, and private non-profits
- > Apply at [sba.gov/disaster](http://sba.gov/disaster)

Payroll Expenses   Employee Salaries Interest   Rent and Utilities Interest on debt before 2/15/2020	LOAN USE	Payroll   Fixed Debts Accounts Payable   Other expenses that cant be paid because of COVID-19
<b>2.5X</b> Business's average monthly payroll for the prior 12 months	AMOUNT	up to <b>\$2 Million</b>
<b>4%</b> Fixed Annual Percentage Rate	RATE	<b>3.75%</b> Annual Percentage Rate
<b>.5%</b> on unforgiven portion <b>2 year</b> fixed note	TERMS	<b>3.75%</b> <small>small businesses</small>   <b>2.75%</b> <small>non profits</small> to <b>30 years</b> <small>fixed note</small> up
up to <b>100%</b> with approval	LOAN FORGIVENESS	<b>0%</b> Eligible for forgiveness
No payments for first <b>6-12 months</b> then a 10-year term loan	DEFERMENT	No payments for first <b>12 months</b> then a 10-year term loan

# New Program for Small Businesses in Santa Clara

On Wednesday, April 8, 2020, the Santa Clara City Council approved the creation of a [Small Business Assistance Grant Program](#) and committed up to \$500,000 in one-time funds.

- The program will offer grants of up to \$5,000 or \$10,000 for qualified independently owned and operated small businesses, located in Santa Clara, with at least one and no more than 25-full-time employees.
- Franchises and chains (national or local with three or more locations) or operations restricted to patrons above the age of 18 will not be eligible for the grant program.
- The grants will be awarded on a first-come, first-serve basis for qualified applicants.
- Applications will be available starting the week of April 13, 2020.
- More details, including the application and funding process, will be provided on [SantaClaraCA.gov](http://SantaClaraCA.gov) in the coming days.

# Be careful

- CAUTION:
  - Constant Change
  - Predators

# Any Questions?



AMERICA'S  
**SBDC**  
CALIFORNIA  
NORTHERN CA NETWORK

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BUSINESS  
DEVELOPMENT  
CENTER  
SILICON VALLEY

AMERICA'S  
**SBDC**  
CALIFORNIA  
NORTHERN CA NETWORK

SMALL  
BUSINESS  
DEVELOPMENT  
CENTER  
ALAMEDA COUNTY

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# Thank You and Contact Information



**SMALL  
BUSINESS  
DEVELOPMENT  
CENTER**

SILICON VALLEY

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**SMALL  
BUSINESS  
DEVELOPMENT  
CENTER**

ALAMEDA COUNTY

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**Thank You  
for Joining  
today's**

**SMALL  
BUSINESS  
Virtual  
Town Hall**



ASSEMBLYMEMBER

**Kansen Chu** 朱感生

DISTRICT 25

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Website: [a25.asmdc.org](http://a25.asmdc.org)



CONGRESSMAN

**RO KHANNA**

Serving California's 17th Congressional District



Phone: (408) 436-2720  
Website: [Khanna.House.Gov](http://Khanna.House.Gov)