

NFIB UPDATE

Weekly Briefing for Small Business

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July 8, 2020 – A Banker's Perspective on the PPP



DISCLAIMER

- The materials and information provided in this webinar and on NFIB's website are for informational purposes only and not for the purpose of providing legal or tax advice. You should contact your attorney and/or tax professional to obtain advice with respect to any particular issue or problem.
- This is based on information available by 6/23/20.
- For the latest, visit <https://home.treasury.gov/policy-issues/cares/assistance-for-small-businesses>

Agenda

1. Loan Updates
2. A Banker's Perspective on the PPP
3. Q&A



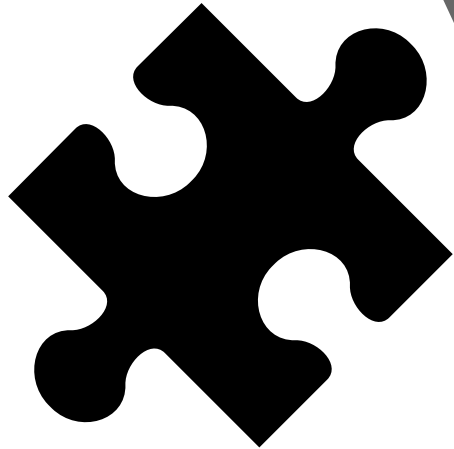


POWELL VALLEY
NATIONAL BANK

MARY BETH BAKER
Senior Vice President and Retail Loan Administrator



Economic Injury Disaster Loan (EIDL)



Economic Injury Disaster Loan



SBA IS ACCEPTING APPLICATIONS AGAIN

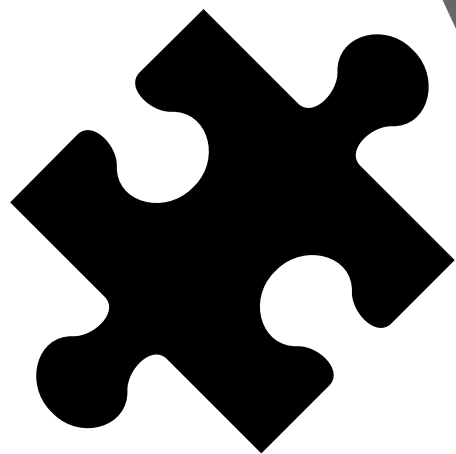
EIDLs provide working capital to help small businesses survive until normal operations resume after a disaster. [Apply for EIDL here.](#)

- Payroll costs, including benefits,
- Fixed debts (mortgage, rent, lease),
- Accounts payable,
- Other bills.

You can be granted both the PPP and the EIDL Emergency Advance but any Advance up to \$10,000 on the EIDL loan will be deducted from the loan forgiveness amount on the PPP loan. As an example, if you receive an EIDL Advance for \$3,000. Subsequently, you receive the PPP loan for \$25,000. As long as you use all of the PPP within forgiveness terms, \$22,000 of the PPP will be forgiven and the \$3,000 EIDL Advance will need to be paid back within two years at 1% interest rate. NFIB Tip Sheet on the EIDL is [here](#).



Paycheck Protection Program (PPP)





PPP Extended Until August 8, 2020

- On July 4, President Trump signed an extension to the Payroll Protection Program allowing borrowers to apply for funds through August 8 (formerly June 30) of this year.
- At the time the extension was signed, approximately \$130 billion in funds remained.
- There is still news of another relief package being put together by Congress sometime this summer.

PPP Forgiveness Eligible Payroll Costs

- Wages paid
- Health Insurance*
- Retirement plan contributions*
- Employer portion of state & local taxes assessed on employee compensation
- For each individual employee total amount of cash compensation eligible for forgiveness cannot exceed annual salary \$100K capped for 24-week period at \$46,155 or \$15,385 for 8-week period
- For owner-employee replacement compensation is capped at 2.5 months' worth of 2019 net profit, up to \$20,833. *Review NFIB's forgiveness tip sheet for owner-employee health insurance and retirement eligibility.*

PPP Forgiveness Eligible Non-Payroll Costs

- Covered mortgage obligations - Interest payment on real or personal property as long as the obligation existed prior to February 15, 2020
- Covered rent obligations – Business rent/lease payments for real or personal property so long as the rent/lease was in place before February 15, 2020
- Covered utility payments – Utilities for the business (electricity, gas, water, transportation, telephone, and internet access), for which service was in place before February 15, 2020
- Eligible Nonpayroll Costs must be:
 - Paid during the Covered Period (without proration); OR
 - Incurred during the Covered Period and paid on or before the next regular billing date, even if the billing date is after the Covered Period

Forgiveness Forms

- [Form 3508EZ](#) and [instruction](#)– 2-page form. Three categories eligible to use the EZ form.
- [Form 3508](#) and [instructions](#) (long form) – 5-page form, including Schedule A and Schedule A Worksheet.
 - ✓ [NFIB PPP Loan Forgiveness Tip Sheet](#)
 - ✓ [AICPA PPP Loan Forgiveness Calculator](#)

A borrower may submit a loan forgiveness application any time on or before the maturity date of the loan – including before the end of the covered period – if the borrower has used all of the loan proceeds for which the borrower is requesting forgiveness.



PPP Loan Forgiveness Application Form 3508EZ ("easier" form)

The EZ Forgiveness Application Form can be used by borrowers that:

- Are self-employed and have no employees; OR
- Did not reduce the salaries or wages of their employees by more than 25% and did not reduce the number of hours of their employees; or
- Experienced reductions in business activity as a result of health directives related to COVID-19, and did not reduce the salaries or wages of their employees by more than 25%



**Paycheck Protection Program
PPP Loan Forgiveness Application Form 3508EZ**

OMB Control No. 3245-0407
Expiration date: 10/31/2020

Business Legal Name ("Borrower")		DBA or Tradename, if applicable	
Business Address		Business TIN (EIN, SSN)	Business Phone
		() -	
		Primary Contact	E-mail Address

SBA PPP Loan Number: _____ Lender PPP Loan Number: _____

PPP Loan Amount: _____ PPP Loan Disbursement Date: _____

Employees at Time of Loan Application: _____ Employees at Time of Forgiveness Application: _____

EIDL Advance Amount: _____ EIDL Application Number: _____

Payroll Schedule: The frequency with which payroll is paid to employees is:

Weekly Biweekly (every other week) Twice a month Monthly Other _____

Covered Period: _____ to _____

Alternative Payroll Covered Period, if applicable: _____ to _____

If Borrower (together with affiliates, if applicable) received PPP loans in excess of \$2 million, check here:

Forgiveness Amount Calculation:

Payroll and Nonpayroll Costs

Line 1. Payroll Costs: _____

Line 2. Business Mortgage Interest Payments: _____

Line 3. Business Rent or Lease Payments: _____

Line 4. Business Utility Payments: _____

Potential Forgiveness Amounts

Line 5. Add the amounts on lines 1, 2, 3, and 4: _____

Line 6. PPP Loan Amount: _____

Line 7. Payroll Cost 60% Requirement (divide Line 1 by 0.60): _____

Forgiveness Amount

Line 8. Forgiveness Amount (enter the smallest of Lines 5, 6, and 7): _____

Business Legal Name ("Borrower")	DBA or Tradename, if applicable	
Al's Shoe Shop		
Business Address	Business TIN (EIN, SSN)	Business Phone
		() -
	Primary Contact	E-mail Address

SBA PPP Loan Number: _____ Lender PPP Loan Number: _____

PPP Loan Amount: \$10,417 PPP Loan Disbursement Date: 04/14/20

Employees at Time of Loan Application: 1 Employees at Time of Forgiveness Application: 1

EIDL Advance Amount: 1,000 EIDL Application Number: _____

Payroll Schedule: The frequency with which payroll is paid to employees is:

Weekly Biweekly (every other week) Twice a month Monthly Other _____

Covered Period: _____ to _____

Alternative Payroll Covered Period, if applicable: _____ to _____

If Borrower (together with affiliates, if applicable) received PPP loans in excess of \$2 million, check here:

Forgiveness Amount Calculation:

Payroll and Nonpayroll Costs

Line 1. Payroll Costs: _____ 10,417

Line 2. Business Mortgage Interest Payments: _____ 0

Line 3. Business Rent or Lease Payments: _____ 0

Line 4. Business Utility Payments: _____ 0

Potential Forgiveness Amounts

Line 5. Add the amounts on lines 1, 2, 3, and 4: _____ 10,417

Line 6. PPP Loan Amount: _____ 10,417

Line 7. Payroll Cost 60% Requirement (divide Line 1 by 0.60): _____ 17,361

Forgiveness Amount

Line 8. Forgiveness Amount (enter the smallest of Lines 5, 6, and 7): _____ 10,417

Line 7 is the maximum loan amount where your payroll would be at least 60%.

Example: if you have payroll costs of \$10,417 (line 1) and you divide that by .60 it comes out to \$17,361. You would enter that on line 7. The amount entered on line 1 is 60% of the calculation of what's on line 7.



PPP Loan Forgiveness Application Form 3508 (long form)

- 1. PPP Loan Forgiveness Calculation Form
- 2. PPP Schedule A
- 3. PPP Schedule A Worksheet
- 4. PPP Borrower Demographic Information Form (optional)

Paycheck Protection Program
Loan Forgiveness Application
PPP Loan Forgiveness Calculation Form

SBA Form 3508-400
Expires Date: 10/31/2020

Business Information		PPP Loan Information	
Business Name	Business Address	Loan Number	Loan Start Date
MBA PPP Loan Number: _____		Lender PPP Loan Number: _____	
PPP Loan Amount: _____		PPP Loan Disbursement Date: _____	
Employer at Time of Loan Application: _____			
Employer at Time of Forgiveness Application: _____			
EIN: Business Address: _____		EIN: Application Number: _____	

Payroll Schedule: The frequency with which payroll is paid to employees is:
 Weekly Biweekly (every other week) Twice a month Monthly Other _____

Covered Period: _____ to _____

Alternative Payroll Covered Period, if applicable: _____ to _____

If borrower (together with affiliates, if applicable) received PPP loans in excess of \$2 million, check here:

Forgiveness Amount Calculation

Payroll and Unemployment Costs
 Line 1: Payroll Costs (enter the amount from PPP Schedule A, line 1): _____
 Line 2: Business Mortgage Interest Payments: _____
 Line 3: Business Rent or Lease Payments: _____
 Line 4: Business Utility Payments: _____

Advancement for Full-Time Employees (FTE) and Salary/Wages, Tips, Bonuses
 Line 5: Total Salary/Wages Bonuses (enter the amount from PPP Schedule A, line 1): _____
 Line 6: Add the amounts on lines 1, 2, 3, and 4; then subtract the amount entered on line 5: _____
 Line 7: FTE Reduction Quotient (enter the number from PPP Schedule A, line 1): _____

Forgiveness Calculation
 Line 8: Maximum Total Forgiveness (line 6 or line 7): _____
 Line 9: PPP Loan Amount: _____
 Line 10: Payroll Cost 25% Requirement (divide line 1 by 4): _____

Final Forgiveness Amount
 Line 11: Forgiveness Amount (enter the smallest of lines 8, 9, and 10): _____

Paycheck Protection Program
Loan Forgiveness Application
PPP Schedule A

SBA Form 3508-400
Expires Date: 10/31/2020

PPP Schedule A Worksheet, Table 1: Total
 Line 1: Enter Cash Compensation (See II) from PPP Schedule A Worksheet, Table 1: _____
 Line 2: Enter Average FTE (See III) from PPP Schedule A Worksheet, Table 1: _____
 Line 3: Enter Salary/Wages Bonuses (See II) from PPP Schedule A Worksheet, Table 1: _____
 *Enter average annual salary or hourly wage for each employee listed on the PPP Schedule A Worksheet, Table 1 during the Covered Period or the Alternative Payroll Covered Period was at least 75% of each employee's average annual salary in January 2020 (unless January 1, 2020 and March 31, 2020, check here and enter the date _____).

PPP Schedule A Worksheet, Table 2: Total
 Line 4: Enter Cash Compensation (See II) from PPP Schedule A Worksheet, Table 1: _____
 Line 5: Enter Average FTE (See III) from PPP Schedule A Worksheet, Table 1: _____
 Use Cash Compensation, Payroll Costs, Dates the Covered Period or the Alternative Payroll Covered Period

Line 6: Total amount paid by Borrower the employer contribution for employee health insurance _____
 Line 7: Total amount paid by Borrower the employer contribution to employee retirement plan _____
 Line 8: Total amount paid by Borrower the employer state and local taxes amount on employee compensation _____
 Compensation to Owners _____

Line 9: Total amount paid to owner-employees who are not considered independent general partners (This amount may not be included on PPP Schedule A Worksheet, Table 1 or 2. If there is more than one individual included, attach a separate table that lists the names of each person to each)

Total Payroll Costs _____

Line 10: Payroll Costs (add lines 1, 4, 6, 7, 8, and 9) _____

Full-Time Employees (FTE) Reduction Calculation
 *Lines have not entered the number of employees on the average paid period of your employees between January 1, 2020 and the end of the Covered Period, check here (add lines 11 and 12) and enter 8-F on line 13.

Line 11: Average FTE during the borrower's chosen reference period: _____
 Line 12: Total Average FTE (add line 1 or 2): _____
 Line 13: FTE Reduction Quotient (divide line 11 by line 12) or enter 1 if FTE Rate Ratio is zero _____

Paycheck Protection Program
Loan Forgiveness Application
PPP Schedule A Worksheet

SBA Form 3508-400
Expires Date: 10/31/2020

Table 1: For employees who:
 • Were employed by the Borrower at any point during the Covered Period or the Alternative Payroll Covered Period where principal place of business is in the United States, and
 • Received compensation from the Borrower at an estimated rate of less than or equal to \$100,000 for all pay periods in 2020 or were not employed by the Borrower at any point in 2020.

Employee's Name	Employee Identifier	Cash Compensation	Average FTE	Salary/Wages Bonuses
FTE Reduction Exemption:				
Total:				

Table 2: For employees who:
 • Were employed by the Borrower at any point during the Covered Period or the Alternative Payroll Covered Period where principal place of business is in the United States, and
 • Received compensation from the Borrower at an estimated rate of more than \$100,000 for any pay period in 2020.

Employee's Name	Employee Identifier	Cash Compensation	Average FTE
Total:			

Attach additional tables of additional rows as needed.

PPP Forgiveness Instructions:
 Step 1: Enter the borrower's total average FTE between February 15, 2020 and April 30, 2020. Follow the same method that was used to calculate average FTE in the PPP Schedule A Worksheet Tables. Note names of employees and enter: _____
 Step 2: Enter the borrower's total FTE in the borrower's pay period inclusive of February 15, 2020. Follow the same method that was used in step 1. _____
 Step 3: If the entry for step 1 is greater than step 2, proceed to step 4. Otherwise, the FTE Reduction Rate Ratio is not applicable and the borrower must complete line 17 of PPP Schedule A by dividing line 12 by line 11 of that schedule. _____
 Step 4: Enter the borrower's total FTE as of June 30, 2020: _____
 Step 5: If the entry for step 1 is greater than or equal to step 2, enter 1 if on line 13 of PPP Schedule A, the FTE Reduction Rate Ratio has been calculated. Otherwise, the FTE Reduction Rate Ratio does not apply and the borrower must complete line 13 of PPP Schedule A by dividing line 17 by line 11 of that schedule.

Paycheck Protection Program
Loan Forgiveness Application
PPP Borrower Demographic Information Form (Optional)

SBA Form 3508-400
Expires Date: 10/31/2020

Instructions:

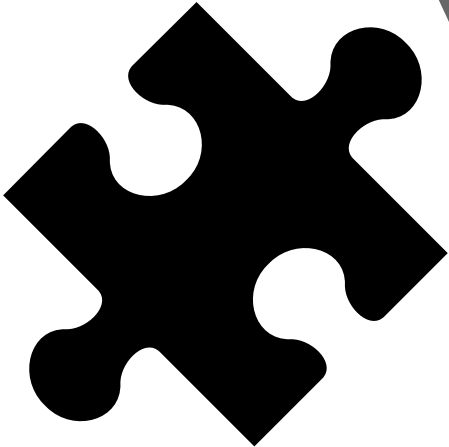
1. **Eligible** - Transit (public transit) vehicles are not eligible for program reporting program only.
2. **Discretionary** - This area requires information about each of the borrower's 15 principal places of business. Add additional rows if necessary.
3. **Definition of Principal Place(s)** - "Principal" means:
 - For a self-employed individual, independent contractor, or a sole proprietor, the self-employed individual, independent contractor, or sole proprietor.
 - For a partnership, all general partners and all limited partners owning 20% or more of the equity of the business, in any partner who is essential to the management of the business's business.
 - For a corporation, all owners of 20% or more of the business, and each officer and director.
 - For a limited liability company, all members owning 20% or more of the business, and each officer and director.
 - Any individual listed by the borrower to manage the day-to-day operations of the business ("the employee").
 - Any person (if the borrower is owned by a trust).
 - For a nonprofit organization, the officers and directors of the business.
4. **Statistical Data** - Enter the NAICS code of the Principal.
5. **Employer** - Identify the Principal's position, for example, self-employed individual, independent contractor, sole proprietor, general partner, owner, officer, director, member, or key employee.

Principal Place	Position
Name	2-Digit Suffix, 3-Digit Suffix, 4-Digit Suffix, 5-Digit Suffix, 6-Digit Suffix, 7-Digit Suffix, 8-Digit Suffix, 9-Digit Suffix, 10-Digit Suffix

Borrower's selection will be used by the loan forgiveness decision.

Pagework Schedule 400 - This document is required to be submitted in electronic format to the Small Business Administration (SBA) Central Finance System. The information required for processing this application, including reporting data, is available on the SBA Central Finance System website. For more information, visit www.sba.gov or call 1-800-368-5898. For questions regarding this form, please contact the SBA Central Finance System Support Line at 1-800-368-5898, ext. 3000. SBA Form 3508-400 (10/2020)

Additional Resources





Get support for your small business through **MBAs Fight COVID-19**

MBAs Fight COVID-19 is a group of MBA students from business schools around the US working with small businesses to respond to the COVID-19 crisis.

We provide **pro bono consulting support** to help businesses think through a variety of topics, including:

- Applying to federal funding programs (PPP, EIDL)
- Reaching more customers online
- Pivoting business strategy
- ...and more!

To learn more about MBAs Fight COVID-19 and to get matched with an MBA student, email

Elizabeth.Milito@nfib.org



**NFIB
COVID-19
Resources**

[NFIB Tip Sheet for Calculating PPP Loan Forgiveness](#)

[NFIB Coronavirus Resources](#)

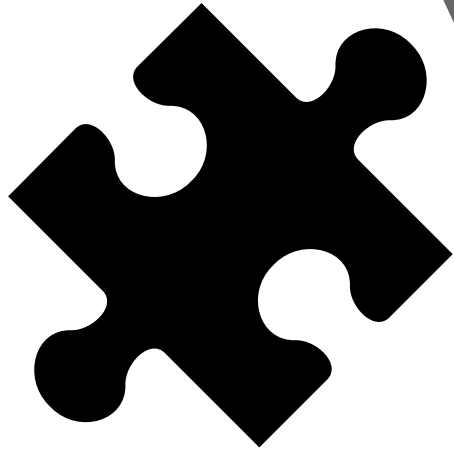
[NFIB PPP Loan and EIDL Side-by-Side Comparison Chart](#)

[NFIB FFCRA Tax Credit Tip Sheet](#)

[NFIB EIDL Tip Sheet](#)



Q&A





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