

## Answers from Panelists to Questions Asked at the Virtual Town Hall held Friday, April 9, 2020

- I have a business in town for 30 years. I have a Bank of America account through which I pay my employees. This account has been transferred from bank to bank as they have been bought out, but apparently Bank of America has certain rules as to what characterizes a business account and credit line, so they will not even let me apply for a PPP loan to rehire my staff. I have tried other banks but I do not have banking relationships with them. No one is manning the phones so there is no one to speak with. This is my payroll account. What can I do?
  - Try again with BOA. They've since expanded what applications they're accepting. If it doesn't work, we can help connect you with a different bank.
- Wells Fargo took some preliminary information but they yet to get the official application in. What is being done with Wells Fargo? They seem to want me to apply with another bank. What do you recommend?
  - Try again with Wells Fargo. They've since reopened their applications.
- How long should it take for the bank to get back to the business after initial application for PPP?
  - You should expect to hear back within 3-5 days once the initial application's been filed to start providing the rest of the necessary documentation.
- How does the PPP apply to self-employed businesses with no employees?
  - Applications start on April 10. The SBA has not yet issued an application form geared towards independent contractors or the self-employed. It seems likely that independent contractors will need to rely upon an estimate of their average monthly earnings for the preceding 12-month period (as supported by 1099-MISCs) and multiply that sum by 2.5 to determine their eligible loan amount.
- Is there a list of approved 7a lenders in the Westfield area? In particular those banks or lenders that are currently processing the CARES Act / PPP loans successfully
  - <https://www.sba.gov/paycheckprotection/find>
- Are independent contractors eligible to be counted as employees under the PPP?
  - Businesses should not include independent contractors when calculating payroll costs. IC's should file separately, beginning on April 10.
- I have independent contractors rather than employees. Also, I take a "salary". Am I able to get any money from PPP?
  - Yes, but only through your own salary. Businesses should not include independent contractors when calculating payroll costs. IC's should file separately, beginning on April 10.
- Do we need to file 2019 taxes to have the documentation for these programs?
  - No. It works off of internal payroll costs. Independent contractors may need to demonstrate their earnings with 1099-MISCs.
- I have mostly hourly employees who work based on the work that comes in. If I get the PPP, do I pay them backwards even if there wasn't work or do I pay them moving forward?
  - No, it's only for the 8 weeks going forward. They can get unemployment for the past weeks in which their hours were cut.

- Is it acceptable when figuring out the requested amount for a PPP loan to get a number for monthly pay (not to exceed anyone's salary over \$100,000) and then add health insurance and retirement contributions as well?
  - Yes.
- Why won't my employer furlough me 1 day each week instead of just reduce my pay by 20%? Couldn't I then get unemployment? What's the benefit for the business to do it that way?
  - There's no benefit to the employer for doing that, but if the employee is furloughed, they can file for unemployment.
- If I am an independent contractor (realtor) and have a full-time assistant, do I apply for EIDL through my company name or my own name?
  - Company name if you want to receive payroll costs for the full-time assistant.
- If I had offered my employees to apply for Furlough vs Unemployment, would this affect the PPP or the Disaster Loan for my small business? Second, when I applied for PPP, it mentions NOT to advise employees for unemployment but didn't mention Furlough. What is the right thing to tell my three employees and where do I direct them?
  - No, it doesn't affect it (although one is furloughed, they don't apply for it. If furloughed, they can apply for unemployment. Employees who have already been furloughed can and should apply for unemployment.
- You are saying that the initial online 5 min application on the sba.gov website is sufficient to determine the up-to-\$10,000 grant money. Do you only have to fill out the longer more detailed application if you want the loan money?
  - This is an interesting question and I'm not sure how it would be handled. My understanding is that the advance is conditioned on applying for the EIDL, although it doesn't matter if you receive money or are rejected. I suspect the bank will want some sort of confirmation that you will complete the application before they disburse the money.
- Regarding the PPP requirement to pay the employees forward, I understand it means to keep them on payroll for additional 8 weeks but then what does it mean that the covered period is 2/15-6/30?
  - I think you misunderstand... they're just looking to make sure that anyone who was fired or had their compensation reduced between Feb. 15 and April 25 is restored to their original condition by June 30. So if you receive your money on May 1, they need to be kept on payroll for at least the 8 weeks following that.
- I applied for the \$10,000 EIDL about 2 weeks ago. They gave me an application number but have yet to hear back or receive any funds. When might I receive these funds?
  - You should have already received it, but the SBA is backlogged beyond belief. I would advise trying to contact them and see if they can process it.
- What percentage of the PPP loan is forgivable and what is the process and documentation that will be needed?
  - Up to 100% is forgivable. In the Business Resources section of the DWC website there is a guide that should help.
- You said the PPP grant is forgivable if we keep "all" workers. Do we have to employ "all" for the grant to be forgiven?
  - Yes, if you have 10 employees and let 2 go, or reduced their compensation, they need to be restored to what they were making beforehand and paid for the following 8 weeks for the money to be forgiven.
- What do you do if you have lost a few employees that feel uncomfortable coming to work and you are trying to keep as many employees as possible so that you are eligible to get SBA LOAN?
  - That doesn't affect eligibility for the PPP or EIDL. For PPP, the employees don't have to come back to work physically by June 30, they just need to be paid using the PPP money for it to be forgiven.

- Small businesses have rent plus taxes as the biggest part of their expenses... how will the modified PPP adjust the percentages?
  - Whatever is left of the PPP money after the 8 weeks of payroll are apportioned can be used for rent and other expenses. If that is not enough money, then you should consider applying for the EIDL loan.
- How will PPP apply to a self-employed person with no employees?
  - Applications start on April 10. The SBA has not yet issued an application form geared towards independent contractors or the self-employed. It seems likely that independent contractors will need to rely upon an estimate of their average monthly earnings for the preceding 12-month period (as supported by 1099-MISCs) and multiply that sum by 2.5 to determine their eligible loan amount.
- What are the organizations that have contracted with the NJEDA to assist small businesses as they apply for SBA loans?
  - This link will directly to the organizations that will help you complete your SBA loans for free: <https://faq.business.nj.gov/en/articles/3835241-can-i-get-help-applying-to-federal-or-state-financial-assistance-programs>
- We have a small business originally started as a home business. 7 years ago we opened a stand-alone office in a commercial district. We still use the home address on our tax documents even though we have been paying rent on our commercially zoned office. Are we still eligible for the grants and loans?
  - Yes. This doesn't affect eligibility.
- Please explain how the self employed/sole proprietor SCorp is considered.
  - Applications start on April 10. The SBA has not yet issued an application form geared towards independent contractors or the self-employed. It seems likely that independent contractors will need to rely upon an estimate of their average monthly earnings for the preceding 12-month period (as supported by 1099-MISCs) and multiply that sum by 2.5 to determine their eligible loan amount.
- Does the PPP consider 1099 workers?
  - Yes. Applications start on April 10. The SBA has not yet issued an application form geared towards independent contractors or the self-employed. It seems likely that independent contractors will need to rely upon an estimate of their average monthly earnings for the preceding 12-month period (as supported by 1099-MISCs) and multiply that sum by 2.5 to determine their eligible loan amount.
- If PPP is determined to be a loan is there a penalty to pay it off immediately?
  - No. This is expressly permitted and the SBA cannot penalize you for paying it off early.
- If I apply to PPP then approved, am I obligated to accept?
  - This is an interesting question. The SBA has not provided guidance on this specific situation, but I don't believe so.
- Wouldn't sole proprietors need to file their 2019 tax returns for PPP because the banks will be looking at their schedule C on the tax return?
  - They will eventually need to file their 2019 tax returns, but you do not need to do so before the application is filed or approved.
- If you have applied to the Paycheck Protection Program, can you confirm again if you can apply for the \$10,000 EIDL Express Loan?
  - Express Loans are a different beast altogether, but yes, you can apply for the PPP and apply for the \$10,000 advance.

- I was a brick and mortar turned online business, still servicing my Westfield clients in their homes. I am the only employee with less expenses, but my biggest expense is my loan that paid for the existing business. Do I qualify for anything?
  - Yes, you qualify for both EIDL and PPP programs. If an existing loan is your biggest concern, then the EIDL program will probably help more (assuming it's a lower interest rate than the existing loan).