



# PPP LOAN Q&A WITH NATE WILLIAMS

April 7, 2020

# WHEN SHOULD I APPLY?

- Applying Now
  - Risk: it's possible that nothing is forgiven, and you miss out on the “free money”
  - Reward: higher probability of getting the loan at all
- Waiting to apply
  - Risk: funding may run out
  - Reward: higher probability of loan forgiveness



# APPLICATION TIMING – WHAT TO DO?

- What should I do? To “get on base,” apply now
  - We can’t accurately forecast this – nobody can.

## Other considerations:

- Banks are processing hundreds of thousands of applications (as of last night BofA had received 205,000 applications totaling \$38B).
- Every banker we’ve spoken to has said, “I would apply now...and try to defer funds”
- It may take weeks to be approved (for most, the longer it takes, the better)
- Hopefully you can apply now, secure your loan amount, but defer the receipt of funds until a later date (see above)
  - This is not clear. I’m well aware that a larger CPA firm said this “can be done”
  - From BofA VP: “Internally, we are being told that the guaranteed funds are tied to disbursement – which starts the 8-week clock – not approval. It’s my understanding that once approved, the borrower has to acknowledge approval, and will have a period of time to decide when to take the money. However, my understanding is that period will be days, not months.”

# PPP APPLICATION

- Applying for EIDL & PPP loans
  - You can apply for both
  - PPP Loan application asks for EIDL amount; leave blank unless you have received \$.
- Most banks are only working with existing clients
  - FinCEN laws (Financial Criminal Enforcement Network)



# WHY DID PFG SEND OUT INACCURATE NUMBERS YESTERDAY, THEN REVISE TODAY?

- The numbers weren't "inaccurate"
- Does the Payroll calculation need to be perfect? No.
  - From Treasury FAQ, 4/6/20: "If lenders identify errors in the borrower's calculation...the lender should work with the borrower to remedy the error."
- New guidance issued late 4/6/2020 clarified:
  - ER portion of payroll taxes cannot be included
  - Further clarification on what can be included as retirement contributions



# WHAT IF MY BANK WON'T DO PPP LOANS?

- Many banks are not yet taking applications but will do so soon. Contact your bank to inquire. For example, Columbia Bank's "portal" isn't live yet, but they are taking manual apps from clients.
- If Wells Fargo is your bank...apply with smaller, local bank.
  - WF has \$10B lending cap placed on it by regulators as consequence of previous fraudulent activity
- Don't panic. The clear goal of all parties involved—Congress, SBA, Treasury, Banks—is to help small business owners.



# HOW TO APPLY FOR PARTNERSHIPS?

- If you are a partnership owned by individual S-Corps, you are deemed “affiliates” and should apply together at the partnership level.
  - “Concerns and entities are affiliates of each other when one controls or has the power to control the other.” (See 13 C.F.R. 121.103 (a) (1) for general principles of affiliation)
  - Even if you’re a minority owner (less than 51%), if you have the ability to “block action by the...shareholders,” you’re deemed an affiliate (See 13 C.F.R. 121.301(f)(1))
  - If a “partner” with [Comfort Dental], you wouldn’t be an affiliate with them.



# MY OFFICE IS STILL OPEN – WHAT ABOUT SICK PAY?

- In mid-March, Congress passed a bill (H.R. 6201) that provides mandatory sick leave for employees who:
  - Have symptoms of COVID-19
  - Are caring for a family member with symptoms
  - Are caring for a child whose school is closed
- Sick leave amount is based on what you *would have* paid
- \*For offices that are closed or nearly closed, the sick leave requirement does not apply.





# OTHER FAQs

- Do we include an associate doctor who is paid as an independent contractor? No.
- Are there other sources of funds and should I seek after those? Yes and yes.
  - LOCs
  - Grant from Delta Dental of Washington
  - If you know of other sources of funds, email [coronavirus@practicefinancialgroup.com](mailto:coronavirus@practicefinancialgroup.com) and we'll share.





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