**SBA Paycheck Protection Program Loan Forgiveness Issues for Museums and Libraries
June 09, 2020 3:00 PM ET to 4:30 PM ET**

0:04
Good afternoon, everybody, and welcome to the IMLS webinar, the SBA Paycheck Program Protection Loan Forgiveness Issues for Museums and Libraries. And we have a really exciting presentation, and I I see that a few people are coming in, so maybe we'll hold for a couple of minutes.

0:23
And then the Director of the Institute of Museum and Library Services, Crosbie, camper, will be introducing the program, as well as our speaker.

0:41
And it looks like a good time to get started. OK, great, thanks, Nancy. Thank you all for being here. I'm grossly kemper, as Nancy said, I'm the director of the IMLS, the Institute of Museum and Library Services.

0:55
And we're an independent federal agency tasked with supporting libraries and museums, and in various ways, we support, oh, innovation, we support leadership development. We support a wide variety of ideas and technology in the library museum worlds. And we have, of course, been tasked recently by Congress and the White House to libraries and museums to recruit sars epidemic.

1:29
And we've done that in various ways, providing information webinars from the CDC and most recently with the SBA around the Paycheck Patriot Protection Program.

1:47
We've done this is the second time we've done this with no abroad, the expert at the SBA. And there's been, obviously a tremendous amount of interest in this, and I think libraries and museums were relatively late to, to the table in understanding the Paycheck to Paycheck Protection Act.

2:11
Collection program applies to them as well, and it's been complicated, but it has been a great boon to a lot of not for-profit. And so we're going to turn it over to know and NOA's, works with the SBA In Northern California, has become an expert explaining the PPP to to folks in our world. And this program is designed specifically for Libraries and Museums, and to address the kinds of questions that you should have. There will be a question and Answer session at the end of our presentation. So, look for that in a moment. You'll be unmuted and the question and answer session. So, No, please take it away.

3:01
Thank you, Crosby. Really appreciate it. Yeah, welcome everybody. My name is Noah Road. As Kathy said, I work out of our out of the US Small Business Administration, San Francisco, district office. I'm on our economic development team out of that office. The local district offices work doing outreach and communication about SBA programs and tearing I talk about, you know, almost entirely about the Paycheck Protection Program. But whenever I do these presentations, I always make sure to at least include a little bit of a conversation about some of

the other disaster loan programs as well. And so I'll, I'll start out a little bit here. With my normal caveat.

3:55

So every morning we go through our our decks are information And we will try to make sure that we're up to date. So, the presentation. I give, it's up to date as of this morning, and the, and the information reflects the current knowledge about the programs.

4:16

That being said, the scale and the scope, the coronavirus shelter in place orders. Oh, didn't look like it, move that slide, slide.

4:33

I'm sorry, OK.

4:36

There we go.

4:40

Yes.

4:45

Right, there we go. I think that should update now, OK. So, the scale and the scope of the front of our shelter in place orders is really, really significant and see legislation that has been passed, enabling the expansion of most of our disaster assistance programs. In some cases, such as with the Paycheck Protection Program. It's a brand new program that only came into existence as a result of the Cares Act passage at the pathogenic Cares Act. And that program is being created and rolled out an extended to the public as it is. It's being created at as it's being delivered.

5:30

So there is a significant amount of change that is always happening with, especially the Paycheck Protection Program, and so that's just kind of put, put the caveat on where we are with this. You know, our information on these programs are up to date as of today, but he should always fully expect there to be new updates or frequent revisions to these programs.

6:00

So I'm going to very, very quickly, just touch on a couple of our other disaster programs and then dive into paycheck protection program topics. So I'll talk about Adaptive ... Relief, Economic Injury Disaster Loan, and PPP. This was, you know, if you missed the first presentation that I gave, this, a couple first slides are pretty similar to what you may have seen on that one. So when the Cares Act passed and as a result of the disaster declarations being made, SBA did make some changes to our existing loan Programs.

6:36

So if you're a if you're an institution that received a disaster loan from our disaster loan programs in the past, those are a 30 year loans. They're open to non-profits, they're open to libraries and museums to apply to. So if your institution has received a disaster loan for, whether it was a hurricane or a flood or any other disaster in the past, we automatically deferred any payments on those disaster loans up to the end of the year.

7:08

And for debt relief programs and the Microloan programs, those are really for, for businesses, They're not for non-profits, so I won't dive into those too much. The Economic Injury Disaster Loan is a program that at the low end is not taking new applications. It is only taking new applications from agricultural businesses right now, but this is a loan that comes directly from the SBA.

7:41
So it has, you know, when we were accepting applications, non-profits could apply, including museums and libraries, And if you have an application that was already submitted to this Economic Injury Disaster Loan Program, any already submitted applications are still being considered underwritten and decisions are being made about them.

8:04
The structure of the Economic Injury Disaster Loan is it has one kind of institution. It said, that's a loan that comes directly from the US Small Business Administration. And it has, sort of one experience you go to, you would go, you would have gone to the SBA dot gov website, but in one application and that one application goes through a standardized underwriting process and for better or for worse, everybody has the same experience under this program.

8:39
The loans that are issued under the Economic Injury Disaster Loan Program are there 2.75%, 30 year term loans, 2.75% for non-profits, and they can be used for pretty much any working capital expense at an institution might have. So rent, payroll, accounts payable, extort. Any extraordinary expenses incurred during that, due to the disaster. So, all that extra hand sanitizer that the libraries are putting out now, you know, all that extra cleaning costs, those would all be items that would be perfectly valid. Expenses for economic injury disaster loans.

9:22
And the applications that the general process for the Economic Injury Loan is that you would have put in an application, SBA dot gov.

9:31
It would maybe have, like, a waiting period, essentially, because there's so many applications to get through.

9:38
And then, as an institution, you would have seen a deposit of an Economic Injury Disaster Loan advance, which was a component of the program that was enabled by the Cares Act, and this is an amount that's up to one thousand dollars per employee. Up to a maximum. Of $10000. That would have been direct deposited into your bank account. Usually doesn't come with an e-mail or a letter or anything to that effect.

10:02
You would just have seen it in your account, and that advance doesn't need to be paid back, and then you wait, again, and at the time that the Office of Disaster Assistance from the SBA makes it an underwriting decision about your loan, that's when you would either get a letter indicating a denial. And the reasons for denial of this Economic Injury loan or an approval With an invitation to review an offer and accept it.

10:37

So at that point, when when underwriting has been finished is, is when we can start contacting. So. Paycheck Protection Program, which is really what we're going to talk about, you know, today is a loan that is, it's a very different program for that Economic Injury Disaster Loan that I described. It's a loan from a financial institution from credit union, or major National Bank or an online lender.

11:06
There's about 5400 different institutions that are issuing Paycheck Protection Program loans and its loan provided by those lenders to an applicant for the. And the purpose is to pay payroll costs including benefits.

11:26
There are allowances within that loan you can use. You can use a portion of that loan towards interest on mortgages, ranch where utilities, and the maximum size loan that an applicant can get is 2.5 times their average monthly payroll costs.

11:45
The, it with the, with the procedure, that loan that you receive. If you use that loan to make eligible payroll expenses, it will be forgiven in full.

11:59
And so I'll go into some details on that. But that's the overall general structure of the Paycheck Protection Program.

12:06
Last Friday, there was new legislation passed. So, I'll also talk about some of the changes that, that came with that new legislation.

12:15
Overall, when we talk about eligible payroll costs in this program, what is, you know, what do we mean when we say eligible payroll cost. So an eligible payroll costs includes direct cash compensation, so salary, wages, commissions for tips is, are limited to the first $100,000 on an annualized basis per employee.

12:38
But, it's broader than just the direct cash compensation and includes employee benefits. So, costs related to leave allowance for separation or dismissal group, health care insurance, premiums retirement contributions, worker's. Comp isn't included and state and local tax. And also on top of this, employee benefits, include state and local taxes assessed on compensation.

13:04
So payroll cost is a broad, broad definition under this program.

13:10
I don't think we'd run into many independent contractor museum or libraries. So I'll kind of go into that for this program.

13:22
There are some items that are not included in payroll costs explicitly, so, any direct compensation, that exceeds $100,000 per employee, any payments that you may be making to independent contractors. So, those independent contractors can apply for a PPP themselves. And,

and so, you wouldn't, and so you would, not to any payments that you've made to an independent contractor would not be ineligible payroll costs of this program.

13:55
Compensation to employees whose principal place of residence is outside the United States are not included in payroll costs and any qualified sickly, wages, or qualified family leave wages that are, that for which the credit is allowed under the Families First Coronavirus Response Act. So that was the first phase of kinda stimulus funding.

14:19
that past providing for So there's another dedicated source of funding to pay for sick leave wages or family leave, leave wages for individuals that may have contracted coronavirus, and or otherwise be impacted by, by coronavirus. And if you are getting credit under that program for which there's dedicated funding, that funding is not, that those expenses are included in payroll costs.

14:54
So, if you don't, go for forgiveness, if you don't, because this is a loan that is issued to a business or a non-profit, and so what are the terms of that loan? And the terms are that it has the maximum size of $10 million as an interest rate of 1%. The term of the loan is for, for new PPP, loans that are issued is five years automatically, and your payment, Your first payment is due. It can be, as far out as 16 months. It's 10 months following the end of your covered period. So I'll go into that with the new legislation, how that talks about pavement deferral. But you don't have to make your first payment on the loan until 10 months after the end of what's called the covered period and that covered periods can be either eight weeks or 24 weeks.

15:53
The loan doesn't have collateral to, there's no personal guarantee required, there are prepayment penalties and you don't have to penny loan fees to apply and receive Islam.

16:06
If you, when you go to apply for loan forgiveness.

16:13
How it works is the amount so that there's, there's some Persians around loan forgiveness and 100% of the Paycheck Protection program loan can be forgiven, but the amount that you're eligible to have forgiven it can be reduced.

16:31
If you reduce the number of employees are tipped workers or salaries or wages of employees, and then anything that is leftover after forgiveness is pulled out has to be repaid with the terms of the loan that I mentioned before.

16:46
The request for forgiveness will go to your lender no later than June 30th, 2021, and at that date may also pieces Like that, that shifts, so it's a little bit of a tend to live right now, but, but that is, you know, it's in there, and the existing rules and regulations and lenders will have 60 days to approve or decline or Christ wants to receive it from the borrower.

17:19
Under the Paycheck Protection Program, right now, we have about $130 billion still remaining, available in this program and the program is going to close on June 30th. So if you have not yet

applied or do not have the approval, it really is important to, to get your applications. They didn't get approvals in for that June 30th deadline. New legislation did not shift or change that June 30th deadline for the close paycheck protection program.

17:55
Since the program has launched, we've made about four point five million loans across the country under this program.

18:05
Totaling around $511 billion so far.

18:11
So let's kinda get into items about loan forgiveness and the new legislation that passed.

18:19
And as I go through this, I just want to caveat and have a conversation that we had new legislation that was passed on June fifth that was last Friday.

18:36
It was called the Paycheck Protection Program Flexibility Act, the PFA and one of kinda headlines here.

18:47
You know, that, that, you know, we've scheduled and organize this, this webinar, before, the new legislation had passed.

18:56
And so what I can talk about today is a little bit of an overview of what was in that legislation, as well as some of the kind of early, early changes, as well as some things that may not be changing as well. But the headline here, though, is that detailed rulemaking from the Treasury and SBA has yet to be formally released related to the ....

19:26
The, yeah, John structure is you have legislation passed as Congress to get signed into law. And then an agency implements that launch rulemaking and we're in that moment right now of taking brand new legislation and turning it into formal rulemaking.

19:45
So I just want that as the backdrop for this discussion. You know, just saying that detailed rulemaking has yet to your least formal rule Nick Cancer to get to your list from the Treasury, SBA.

19:59
So the Paycheck Protection Flexibility Act.

20:06
So, some of the items in here I'll talk about. So though, there are some modifications to the Paycheck Protection Program. one of the big ones is that, the Patient Protection Flexibility Act extends the covered period for loan forgiveness from eight weeks after the date of loan disbursement to 24 weeks after the date of loan just for disbursement.

20:33

So, if you've already applied or an already received PPP loan, you'll have the option to retain that eight week period if you prefer that but, and then say so people have already received no P2P loans, well, we'll have that option to you to use an eight week covered period. New approvals will look at the 24 week period by by default.

21:03
So if you've already received those funds, though, there'll be an option to elect one or the other.

21:10
The other item with the PPP Flexibility Act is it also lowers the requirements that 75% of those loan proceeds have to be used for payroll costs.

21:24
And so it lowers that requirement to 60%. So prior, the requirement is that 75% of the loan proceeds had to be used for payroll costs. And 75% of loan forgiveness are now, must have been spent on payroll costs.

21:42
And what it is now is it is 60%.

21:47
Those loan proceeds of loan proceeds had to be used towards payroll costs. That other 40% could be used towards those other categories that I mentioned.

21:57
If you use less than 60% of the loan amount for payroll costs during that covered period, during that 24 week period, you can still get partial forgiveness in that situation, as well.

22:15
one of the other changes in that act is that it will increase the term of the Paycheck Protection Program to five years. This, if you've already received a paycheck protection program loan, it's not an automatic process. It is something that you will need to work specifically with your lender to requires an agreement essentially between your lender and the borrower, to allow for a change for one year term to get to your turn to your term to a five year term. So, for those who have already received paycheck protection program loans. So, as the term sheet, and, the, the agreement that you signed with, the, with the lender, about the terms that loan are still what they are, but you will have the option.

23:12
You can go to your lender and request a modification to that loan, so that it is increased to a five year term.

23:21
And the lender has to agree to that as well. So it has to be a mutual decision between you and your lender. For new loans that are issued under the Paycheck Protection Program, five years will be the default for all new loans that are issued.

23:37
The other item is that the deferral period. So when you need to make your first payment, principal interest, principal interest on PPP loans, so that is going to be 10 months after the end of the forgiveness cover period.

23:56

So 10 months after, If you already have a PVAP loan with a week no period of time, then I'll be 10 months following that. The end of that eight week period, if you're the 24 month period, it will be 10 months following the end of that 24 month period.

24:19
The other items, some other items that were written there. It relate to exemptions, So if you are applying for, so, if you're, if you're looking at loan forgiveness reductions, so there's the methods for reducing how much forgiveness you're eligible for.

24:41
If you don't have, if you don't have, if you've reduced your FTE count, and there are some exemptions that are carved into that, said borrowers aren't necessarily going to be penalized for reducing their FTEs under certain circumstances. one of the new circumstances that was made available, thanks to the PPP Flexibility Act. Is that if there were a reduction and it's in FTEs for borrowers, that for FTE's there?

25:18
If, if you, as a, as a non-profit, we're unable to return to the same level of business activity?

25:24
As you're operating at before February 15th, because you're complying with requirements or guidance that were issued by the Secretary of HHS, the CDC, or osha, then those, you know, so in the business, you know, working when working with businesses.

25:46
The example of this is, you know, if the requirements say that you can't have more than, you know, 20 people in a restaurant, for instance, and you need to change your business model entirely, which also includes fewer employees inside your business.

26:06
In order to comply with those guidelines than those modifications that you've made to your business model, in order to comply with new health restrictions, any FTE reductions as a result of those will be exempted out of any loan, forgiveness reduction calculations.

26:26
one of the other exemptions is that if you are unable to re hire individuals by December 31st, so if, you know, borrowers for or if you have an employee that you just you weren't able to find a similarly qualified employee to fill an unfilled position by December 31st, then that will also be an exemption for any loan forgiveness reduction calculation that may happen to the PVAP.

27:05
Then, the last, the June 30th, 2020 is still that, the drop dead date for the, for the PPP program. So, new applications won't be allowed to be processed after that date.

27:21
And, so, those are, those are some of the bigger changes that were incorporated from the, from, from the legislation that passed last Friday. There's still, you know, when we're talking about this process to obtain loan forgiveness, ultimately, what will happen with borrowers is you'll have to complete and submit a loan forgiveness application to either your lender or the lender servicing your loan. And so, you won't be likely submitting that directly to SBA. You'll be submitting that to your lender.

28:01
The lender has to review the application and make a decision about it.

28:04
They have to notify you about what the forget this amount is and then if I can cover this, you know, anything that's not forgiven has to be paid back at the at the terms of the alumni mentioned earlier. Because of the new legislation that passed last Friday, a new loan application, a loan forgiveness application. So, we did release a loan forgiveness application in May, as something that business owners and our lenders could use to to prepare themselves for for these requests for loan forgiveness. That application that was released in May will be revised and there's going to be a new one that's going to be released. So, you can look at that old one, you know, kind of as a reference right now. But I wouldn't use it with your lender out with that new application to come out.

29:08
Some questions about loan forgiveness reductions in terms of the process of how that loan forgiveness reduction process looks like, You know, this is caveat that by saying, we are going to wait for this new application to see if that process changes at all, but I don't believe it will. So, in general, a reduction in FTE employees during the covered period reduces the loan forgiveness amount by the same percentage as the percentage reduction FTA place. So, when you go to the application, just like to reference period, some pre disaster time period, you'll have an option of three different pre disaster time periods. And if the average number of FTE employees after that date, or 24 week period is less than during the reference period, than the amount of forgiveness that you're eligible for is reduced proportionally.

30:09
There are some other, In addition to the exemptions that were added, as a result of new legislation last Friday, there were some existing exemptions that already existed for, for that FTE calculation. So one is that, if you make an offer to re hire an employee and that employee churns down your offer, then and that's It didn't share. that data at FTA will not be used for the purposes of a loan forgiveness reduction, so there are some conditions around, it had to admit, a good, faith written offer. To rehire the employee. For the same number of hours, same wage, employee had to have rejected it, you have to have documentation showing that, that's what happened. And you also need to notify your state unemployment office as well.

31:10
And I've talked about these as well. We don't have that. I have the official rulemaking around the the other exemptions, the ones for complying with osha, or for rehiring, if you're unable to re hire individuals, that, to, to fill a similarly qualified position. By December 31st, I talked about that.

31:35
So I'll kind of hop into some of the questions that I get really frequently from non-profits and business owners about the Paycheck Protection Program and southern mechanics on it. So, one of the questions is if you can make advance payments or prepaid expenses that you expect to be occurring. And the answer to that is no.

31:58
Another question is, if your billing or payroll dates fall just outside of the eight or the 24 week window and the answer to that is that there are allowances for flexibility on this in the existing

loan forgiveness application, And I don't believe that new application will, will change this, but we need to wait and see what that, that has. But, in our, and also an existing guidelines, we've written this, as well. So that should be incorporated in the new application, but there's allowances for flexibility. If your payroll cycle is biweekly or more frequent. So rather than the eight week period starting, or the 24 week period, starting on the day that funds are dispersed in your bank account, a borrower can choose, if they have a role cycle that's more frequent than biweekly. They can choose to have the 24 week period.

32:58
At the peak periods start on the, on the first day of your payroll cycle, but only in the case of an organization that has a biweekly or more frequent payroll cycle.

33:12
In terms of when a cost is incurred, payroll costs are considered incurred in the day.

33:19
The employee's pay is hurt, and if they're not working, if everyone is sheltering in place that was established by the borrower.

33:35
So, likewise, if you have a bill that's due just outside of the 24 week period, a rent utility or mortgage payment, that's due just outside of that period, there's also flexibility on that. So, if you have a non payroll cost that's incurred or paid on or before the next regular billing date or non payroll costs can be encoded paid on or before the next regular billing date, even if that billing date is after the 24 week period. So, yeah. If you're, if your normal payment date is, is just after that 24 week period, there's flexibility within the PPP program to account for that.

34:21
Very frequent question I get is whether pay increases are allowed to employees, and the answer is yes, so long as the direct cash compensation doesn't exceed annual salary of $100,000 per rated for that coverage period.

34:39
So, if an individual was earning more on unemployment, and you had 10 increase wages to bring them back, that's allowable. Or if you need to make hat, Offer Hazard Pay or provide bonuses, all of those adjustments to pay are allowable under the Paycheck Protection Program with the caveat that anything that exceeds an annual salary of $100,000 in direct cash compensation.

35:13
You know, can't be included in your application for forgiveness.

35:19
If your museum or library is shut down right now, there is, can we often get questions about, You know, what to do in that case.

35:30
And the answer is that paycheck protection programs are expected to be used regardless of whether a business is open or not, and, or, or a non-profit or a library, if you're able to be partially open. It can pay for the partial work that's being done. If everyone has to stay at home, it can be used to work on property. Like if some work is able to be moved remotely, it can pay for that.

36:04
If I've worked with business owners who They can't return to work or run their business at all. But they are using the funds to pay for training and staff development, so that when their business is able to return to work, they're going to have staff with new skill sets that come back to the office or come back to the business. And so those are all perfectly eligible uses of Paycheck Protection program funds, but failing any of that and using these funds to pay an employee to stay at home is perfect, is visible online, and the Paycheck Protection Program.

36:50
You can also hire new staff using PPP funds, so it does not need to be the exact same employee.

36:56
Yes, as you had before, and if you have an employee that voluntarily resigns, or voluntarily request schedule reductions or as fired for cars than that in that situation, those FTEs are also exempted from any FTE reduction penalty you might have.

37:22
So those are kind of the major questions that that we've had under the Paycheck Protection Program. I know there's probably so many more and hopefully, I didn't take up all of our time to really go into our Q&A, So that's kind of an update of where we are with the Patriot Protection program as as well as discussing about loan forgiveness as well, try to pose some questions. Now, that makes sense.

37:56
Yeah. I'm happy to do that. OK, well, one of the questions focused on the Extended period of a reporting for wheat.

38:06
There are just a variety of questions about whether, If they were approved for an eight week period, should they go back so that they can get covered the point? Though, extensors, how would you suggest that work, whether they've received their loans or not?

38:28
And, you know, has the moment because the legislation just passed last Friday.

38:35
Yeah, I would say, if they want to.

38:38
So, two items on that.

38:39
one, when you go to apply for forgiveness, you don't have to apply for forgiveness on the first day of the end of your eight week period. Essentially. You have up to a year to apply for forgiveness. You can, you know, payment deferral for these loans is 10 months plus the end of your year period to the eight week or the 24 week period. And, you don't have to apply for forgiveness until at least July 31st, 2021.

39:17
And the, so, I guess one thing I'd say is applying for forgiveness. Most of the lenders probably won't even be ready to accept applications for forgiveness on, you know, day 57, you know, if you're on an eight week, If you're on an eight week covered period, that's a 56 day period.

39:43
Most of your lenders right now aren't even going to be ready to accept a loan forgiveness application on Day 57, and, and they'll be accepting applications. You can apply up to the, you know, you've got almost a whole whole year to put in that application.

40:03
The process by which you choose to elect, either in a week or a 24 week period, you can check with your lender or also a little bit in a waiting period to see if there is a formal process that you have to go through with your lender. In order to choose a per 24 weeks. It may just end up being, that, when you put in that application for forgiveness a year from now, it's a checkbox, You know, which, which time period, or which covered period time period, or you're using. But know that, there's not, I'm like, you know, We don't have a mechanical process that we've laid out yet because the legislation changing it from eight weeks to 24 weeks happened last Friday. And it hasn't been implemented yet to say, like, here's, here's the mechanical process of shifting from one period to the other.

40:55
Do, a lot of people are wondering what happens when there are adjustments after they apply for their loan, their loans, if both quit or resign or their issues having to do with their FDA coverage, how does that generally impact the way they go about that portion of the loan they asked for worked? Well, it doesn't, it doesn't impact how much we asked for, it could impact how my loan forgiveness, you are able to receive.

41:34
Depending on the situation.

41:36
So, if, you know, if an employee quit or requested a voluntary reduction in their hours or a few, basically, I listed a number of exemptions. Basically that, you know, if this situation occurs loan, forgiveness reduction won't, won't include those situations. So, if you offer to rehire an employee and they turn it down. If you fire an employee for cause if an employee quits, if you happen to change your business model, the clients with health and safety of your issue. I mentioned.

42:25
If the other one that's coming, so there's like, 4 or 5 categories of exemptions where when you go to request a loan forgiveness. If you have a reduction you know, if you're showing a reduction in FTEs and it's due to any of those causes, those particular employee FTE counts won't be included in the calculations.

42:53
And there was a clarification of those organizations that are closed right now. We reference, that as a reference to the part of your presentation, for folks who are not in an operating posture right now, can, in what way can they be paying gallery that would qualify for?

43:18
Yeah, so this is an expense driven program. It's not, I work. You know, it's not a, it's not paying for, for activity being performed, that you have flexibility, in terms of what, what activity, here, at the beginning of your employees, but look at payroll expenses.

43:42

So if you're not in an Operating Macedonia, if you're not able to, or your institution, you can still have employee payroll even though they are. And that's a perfectly during that, the payroll expenses. And it might feel interface.

44:05
You know, when I'm working with business owners, exact opposite of how most business owners, what approach, their, their payroll expenses, But the Paycheck protection program is a program to divert individuals' off of unemployment rolls and keep them connected to their employers. And so that, when the shelter in place orders, and in institutions return back to, to opening that, those employees are re-engaged. very quickly and in gainful employment.

44:45
OK, let's, let's focus a bit on questions that have to do with what could be counted as, don't recall want to know here Healthcare costs and Medicare taxes would, would be considered part.

45:07
They could be forgiven.

45:12
I can follow up with you specifically about about hiker and Medicare, but I believe so.

45:18
Mean if there are any group health care insurance premiums, and for for fake, I believe so as well. Yeah.

45:28
And bonuses. I apologize if you mention that earlier. They are in the category of direct cash compensation.

45:42
And last was pension payments, my employer.

45:51
So is this a contribution to a current employee or is it a pension payment to retiree?

45:59
Well, I don't actually, I have answers to tie those questions, so maybe I can follow up separately after that.

46:07
After that call, about weather, weather, payments towards, I mean, if it's for a currently working employee at, and it's part of the employee benefits.

46:19
You know, that, the answer is generally yes, but I kinda want to follow you on that with, you know, it's on a follow up with you after the fact on that one, OK, yeah, a couple of questions and we'll turn back to that in a moment is if approved poorer for about 150,000, whatever, the.

46:49
step one, would it be OK for the organization? What? Yeah. Absolutely. So, there's two, when you get an offer for a loan, from the economic, from our office to disaster assistance, you'll get an offer first. And there's a little slider on that offer where you can reduce the amount of loan that you would like to accept.

47:16
That's definitely the easiest way to adjust downward, how much you would like to receive through the offset from our Office of Disaster Assistance. If you have already accepted an offer, and now you want to reduce it even more.

47:33
The that but I recommend is working with the office of Disaster Assistance to communicate to that, that to them generally with the processes, is they will have you accept the full loan amount and then remit the difference back to our Office of Disaster Assistance. And they have a process for for that.

47:55
Thank you. To two questions specific to non-profits.

47:59
The first is, For non-profits, the independent contractors, are those payments, can they qualify for forgiveness?

48:11
Can you can ask that one question? That question again, I missed the first part of it. So, these two questions may or may not, it may not.

48:19
The first question may not be specific to non-profits, but the question was posed that way, non-profits that are paying independent contractors, do those payments, can they count towards forgiveness?

48:35
No! No!

48:37
Yeah, that that's that's something that's, irrespective of whether you're a for-profit or non-profit.

48:46
And how about non-profits who are paying their own unemployment, they're paying into their own foreign born if they're not paying into the system.

49:00
Non-profits don't necessarily pay into their state unemployment system, they pay privately.

49:07
Do they?

49:08
They collect those funds privately or into their own private system.

49:13
Those payments also be treated as payroll expenses.

49:21
So, That's a good question.

49:23
The, no, end in general, any, and employee benefits and payroll expenses with the explicit items that I listed are eligible for forgiveness under ..., but I'll caveat that by saying, In these situations

like, you know, first specific line item categories like this, that may not be explicitly called out in the existing regulations that have been issued. My recommendation is to work with your lender because the golden rule at the Paycheck Protection Program is that it is a vendor driven program. And, when you go to apply for forgiveness, your lenders, the lenders will require a certain amount of documentation, and they will, and, some items, they, especially if they're an item that, is not explicitly addressed, any existing, existing interim final rules, or application, they have more discretion on whether they'll, they'll accept that or not.

50:32
And, so, in the case of items that are are explicitly addressed like that, I would suggest that you work with your lender.

50:44
And I can also, I'll ask and see if private unemployment, my.

50:55
I got one sounds a little bit like a clear-cut, you know, probably, since then. And I don't know about the Action one. That one's harder, but, I know, it's not explicitly mentioned in the existing interim, final rules.

51:14
Couple more questions, would property insurance be considered eligible?

51:22
Would property insurance know under paycheck protection program?

51:29
So, the on there, yeah, that category of other expenses that are allowed under the Paycheck Protection Program are Brent utilities and interest on mortgage.

51:46
So, for interest on mortgage, sorry, for where we get the most questions tends to be on the issue of utilities, like, what is a utility?

52:02
And let me just pull up the full definition of utilities. So.

52:09
This is straight from the that the application, which is covered utility payments, are payments, Forest Service, for the distribution of electricity, gas, water, transportation, telephone, or Internet access for which service began before February 15th, 2020.

52:36
So that's, that's the kind of whole extended definition of what we mean by utilities.

52:43
OK, how about utility expenses paid during the period, the scope of 8 or 24 weeks or during the billing periods involved?

53:00
Yeah. So if so that that was when I was talking a little bit about the, you know, if your billing period falls just outside of that eight week period than fats that, you know, there is flexibility built into the application to allow for that.

53:24
The payment to be made on the regular billing period.

53:32
But basically, all of the eligible non payroll costs, they have to be paid during the 8 or 24 week period, or incurred during that 8 or 24 week period and paid on or before the next regular billing date.

53:50
So, um, yeah, so they had to be incurred or paid.

53:58
You know, during that 8 or 24 week period.

54:05
OK, thanks, Noah.

54:07
Is there a referral or when they say, the new 60% enrollment or is that an absolute minimum threshold performing loan forgiveness eligibility?

54:26
There's still a process for partial loan forgiveness under the program, so that's, that's where you get that. Loan, Forgiveness reduction calculations, you know, if you know that if you've made 60% of your expenses towards payroll, then then you're eligible and 40% and those other categories than the full loan is forgivable.

54:55
If you don't meet that 60% threshold, then you can, when you start, then, you start looking at partial loan forgiveness.

55:07
And there are couple of questions about the applications themselves.

55:12
Millimeter third organizations are concerned that they, should they be waiting for the new application form to roll out before they apply. They're concerned about the June 30th.

55:26
I would suggest that you apply now because there's going to be additional rulemaking and applications that are going out for, honestly, over the next few months, you'll probably be seeing stuff related to this loan forgiveness application, because it's a full calendar year period of time. You have up to a full year to apply for forgiveness under this program.

55:54
And, and, whereas to actually apply and receive the funds, you only have three weeks left and after you've been approved, there's no prepayment penalties on this on this loan. So, you know. Say. you put in an application today, you know, and, you know, by next week you were approved and 15 days, you know, or 10 days later, you got those funds, deposited straighten, your bank account and you saw a new new provision around loan Forgiveness that you didn't like or that you do, you just change your mind completely. You can return those funds with no prepayment penalty in and they're totally on their full amount back to your lender.

56:47

Know, are there limits were now, I'm getting questions about interplay between EIDM loans.

56:57
Yeah.

56:58
So, there are not interplay. There's not AirPlay between the EIDM alone NPP there. Those are two totally separate programs.

57:09
However, the ideal advance that that portion of the EIDM that gets direct deposited in your bank account, which you do not need to be repaid, which you do not need to repay, that ideal advance will come out of the total amount of forgiveness that you are eligible to receive for the Paycheck Protection Program.

57:36
So, if you applied to both of these programs, and, and you received a ideal advance, then when you go to apply for forgiveness, say you receive $10000 as an advance, and you also received $100,000 in forgivable Loan from PPP. The total amount of, you know, forgivable forgivable money that you would be eligible for would be 90,000.

58:11
And that remaining $10000 would be on with the terms of the PPP lab.

58:19
OK, thank you, how about expenses for rent and storage today?

58:27
Expenses for rent, so covered rent obligations.

58:34
Uh.

58:37
So that that's business rent or lease payments pursuant to lease agreements for real or personal property enforced before February 15th.

58:49
So, if it's for storage space, what was the, what was the rental agreement for?

59:00
It was actually two discrete expenses. They were asking about storage and rent.

59:08
Yes.

59:09
So, rent that the rent expense is yes, the storage space expenses on unlikely. Yeah. Probably not.

59:20
That's, you know, you can ask your lender about that, but the, the, uh, yes, the structures for not for storage based instruments.

59:35

Understand that there are so many questions we're not going to be able to reach during this hour. Unfortunately, we will do our best to co-ordinate with Noah afterwards to address many of the questions that were posed.

59:50
And we know there are some questions about whether this PowerPoint will be made available. Would you mind clarifying whether or not that's something we can make available? Yeah. Yeah. You're welcome to share that with participants, and we're, otherwise, we'll be having this recorded webinar made available on our website after the fact as well.

1:00:12
Hmm, hmm.

1:00:21
Well, thank you both.

1:00:23
I think we have a really good team here with providing very timely and important information and a person who is able to take on a whole lot of questions and pose a lot of questions that are coming in. So, thank you once again to Noah and to Susan Gerson. As Susan said, we will follow up with this. I know there were some, some sound issues for a couple of questions, so we'll, we'll work on making sure that you have that information, but it's really important to have this information, particularly before June 30th, So we're so grateful. And we look forward to being in touch, because this is quite a process, different rules, and regulations and laws, and rolling out in real time. So, again, thank you, both, and thanks to all of the participants, and we keep working together on this day.

1:01:22
Thanks for having me.

1:01:28
This concludes our recording.

RE-GENERATE TRANSCRIPTSAVE EDITS