

April 27, 2020

ACA Small Business Bootcamp & Resource Collective

PREPARING SMALL BUSINESSES TO RETURN STRONGER THAN EVER



Community Partners



LOCAL FIRST ARIZONA
FOUNDATION
Rural Development Council



U.S. Chamber of Commerce





ACA Small Business Bootcamp & Resource Collective

The ACA Small Business Bootcamp is

- 1 Designed to help prepare Small Businesses of less than 20 employees to emerge from the COVID crisis stronger than ever
- 2 A statewide initiative supported by our Community Partners
- 3 A Daily Bootcamp (6 weeks) and Resource Collective



This Week's Topics

SESSION 1

Monday, April 27 | **PPP & EIDL Application Workshop**

Learn about the Paycheck Protection Program (PPP) and the Economic Injury Disaster Loan (EIDL) application process, how to claim funds and loan forgiveness.

SESSION 2

Tuesday, April 28 | **Sources of Quick Cash**

There are multiple ways to secure the cash you need to boost your cash flow into positive territory. Learn about six sources of quick cash to put your business on the path to prosperity.

SESSION 3

Wednesday, April 29 | **Engaging with your Banker and Considering Alternative Sources of Funding**

Learn strategies to work with your bank to receive business support. This session aims to demystify the lending process, while also sharing ideas on alternative sources of lending.

April 27, 2020

SBA Disaster Loan Programs





AGENDA:

- 1 Paycheck Protection Program
- 2 Economic Injury Disaster Loan
- 3 Debt Relief

Emergency Funding Programs



SUSTAINING SMALL BUSINESS

PAYCHECK PROTECTION PROGRAM

\$349B

INITIALLY ALLOCATED FOR
SMALL BUSINESSES

\$4.8B

ESTIMATED AVAILABLE
FOR ARIZONA

+\$321B

NEW ALLOCATION FOR
SMALL BUSINESSES

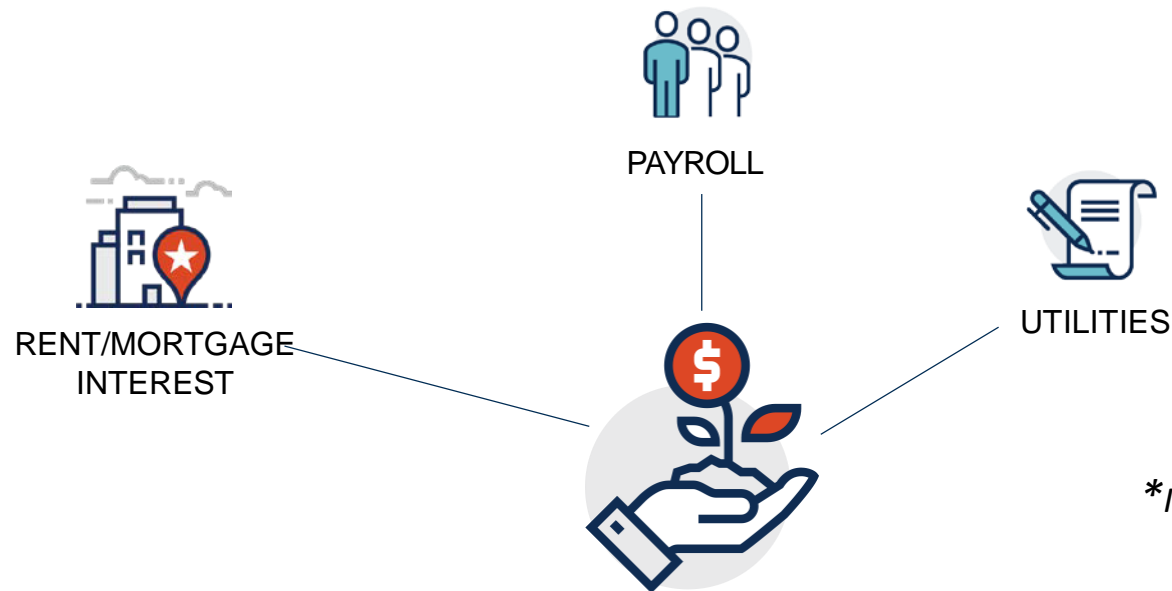
\$670B

(\$60B to smaller depository institutions, credit unions, and community financial institutions)

IMMEDIATE CASH FLOW

PAYCHECK PROTECTION PROGRAM

These loans may be forgiven if borrowers maintain their payrolls during the crisis or restore their payrolls afterward.




**Interest on other existing debts*



ELIGIBILITY

PAYCHECK PROTECTION PROGRAM

- Small business concerns with fewer than 500 employees, as well as:
 - a 501(c)(3) nonprofit organization, a 501(c)(19) veterans organization, or Tribal business concern or
 - The applicable size standard in number of employees for the North American Industry Classification System (NAICS) industry as provided by SBA, if higher.
- This also includes:
 - Individuals who operate a sole proprietorship or as an independent contractor and eligible self-employed individuals.
 - Any business concern that employs not more than 500 employees per physical location of the business concern and that is assigned a NAICS code beginning with 72, for which the affiliation rules are waived. (Accommodations and Food Service)
 - Affiliation rules are also waived for any business concern operating as a franchise that is assigned a franchise identifier code by the Administration, and company that receives funding through a Small Business Investment Company.
 - Religious organizations are now eligible; further guidance available
 - Certain Farms and Agricultural businesses are also now eligible



HOW TO APPLY

PAYCHECK PROTECTION PROGRAM

- SBA Approved Lenders
- Start with where you have an existing banking relationship
- If applying at multiple locations, make sure to advise other lenders when you receive a loan
- Give back – For those who received funds but now feel they do not need or may not fit rules, these should be returned by May 3
- New Funding
 - Existing Applications
 - New Lenders
 - Fin Tech
 - \$60B set aside



LOAN TERMS

PAYCHECK PROTECTION PROGRAM

- Up to \$10 Million
- Interest Rate = 1.00%
- Term: Two Years
- Payment Deferral: 6 Months, Interest Accrues
- No Pre-payment Penalty
- No Fees
- No Collateral
- No Personal Guaranty

PROGRAM FEATURES

PAYCHECK PROTECTION PROGRAM

Loans can be equivalent to **250%** of the borrower's average monthly payroll costs*.

NON-SEASONAL EMPLOYERS

Maximum loan =

2.5 x average total monthly payroll costs incurred during the year prior to the loan date.

For businesses not operational in 2019:

2.5 x average total monthly payroll costs incurred for January and February 2020.

SEASONAL EMPLOYERS

Maximum loan =

2.5 x average total monthly payments for payroll costs for the **12-week** period beginning **February 15, 2019** or **March 1, 2019** (decided by the loan recipient) and ending **June 30, 2019**.

\$100,000 salary cap per job

ELIGIBLE PAYROLL COSTS

PAYCHECK PROTECTION PROGRAM

Sum of INCLUDED payroll costs

- **For employers:** Sum of payments of any compensation
- **For Sole Proprietors, Independent Contractors and Self-Employed Individuals:** Sum of payments of any compensation to or net earnings of a self-employed individual that is not more than \$100,000 in one year, as pro-rated for the period
- Plus retirement, group health, state and local taxes

Sum of EXCLUDED payroll costs

- Compensation of an individual employee in excess of an annual salary of \$100,000,
- Payroll taxes, railroad retirement taxes employer paid federal compensation taxes and income taxes
- Any compensation of an employee whose principal place of residence outside of the U.S.
- Qualified sick leave wages or qualified family leave

=

PAYROLL COSTS

Rules vary for individuals who file using IRS schedule c



EVALUATING ELIGIBILITY

PAYCHECK PROTECTION PROGRAM

Proof that the borrower was in operation before Feb. 15, 2020 **AND** had employees whom they paid salaries and payroll taxes or paid independent contractors

GOOD FAITH CERTIFICATION

- The uncertainty of current economic conditions makes the loan request necessary to support ongoing operations
- The borrower will use the loan proceeds to retain workers and maintain payroll or make mortgage lease and utility payments
- From Feb. 15, 2020 to Dec. 31, 2020, the borrower has not received a loan duplicative of the purpose and amounts applied for here



ELIGIBLE LOAN FORGIVENESS

PAYCHECK PROTECTION PROGRAM

A borrower is eligible for loan forgiveness equal to the amount the borrower spent on the following items during the **8-week period** beginning on the date of the origination of the loan:

- Payroll costs – Defined the same as in the base calculation (including \$100K cap)
- Mortgage Interest or Rent
- Payments on utilities (electricity, gas, water, transportation, telephone or internet)
- For borrowers with tipped employees, this includes additional wages paid to those employees – Refer to SBA Interim Final Rule for details

Forgiveness usage period begins on date of disbursement of funds to Borrower



ELIGIBLE LOAN FORGIVENESS

PAYCHECK PROTECTION PROGRAM

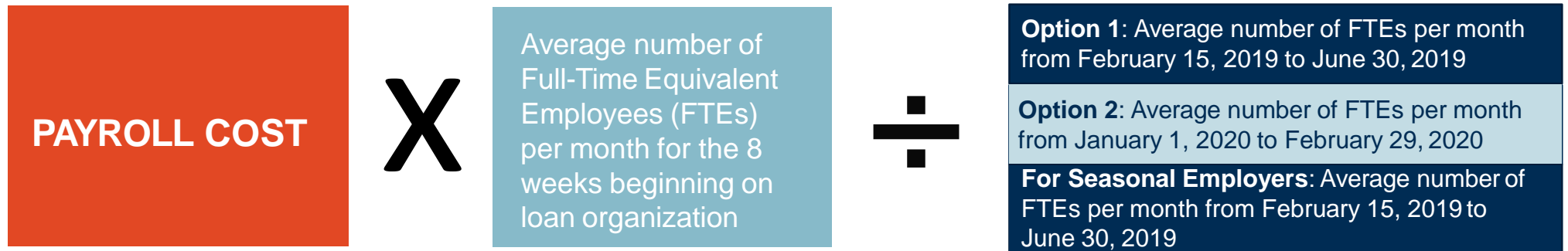
75% Rule

REDUCING FORGIVENESS

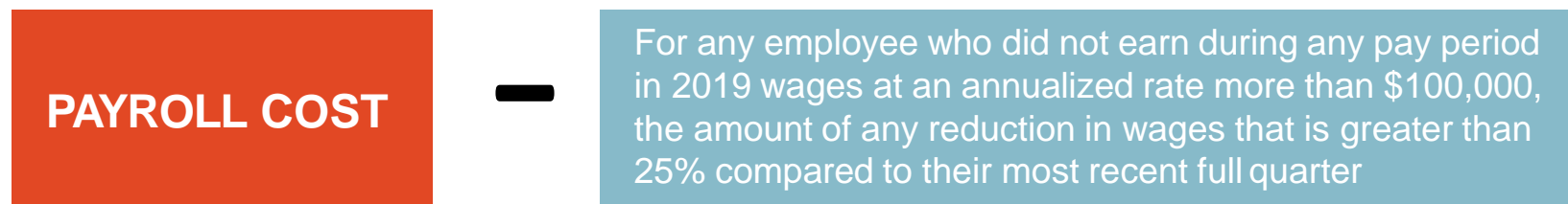
PAYCHECK PROTECTION PROGRAM

The amount of loan forgiveness is reduced if there is a reduction in the number of employees or a reduction of greater than 25% in wages paid to employees.

Reduction based on reduction of number of employees



Reduction based on reduction in salaries



REDUCING FORGIVENESS

PAYCHECK PROTECTION PROGRAM

What Else May Reduce Forgiveness?

75% Usage Rule

Duplicate Usage

EIDL Advance

NOTE: If you utilize a PPP Loan, you may lose eligibility for other HR related tax credits

CALCULATING YOUR LOAN

PAYCHECK PROTECTION PROGRAM

PAYCHECK PROTECTION PROGRAM LOAN CALCULATOR

Estimated Maximum PPP Loan Amount

Your maximum PPP loan amount will be 2.5 times your average monthly payroll costs, up to \$10 million. You can only receive one PPP loan, so if you apply for a PPP loan you may consider applying for the maximum amount you are eligible for.

Annual amount spent on employee salary, wage, commission or similar employee compensation (in last 12 months)

If you have any employees with compensation over \$100,000, please make sure that the amount entered below caps annual compensation for any one individual at \$100,000.

Annual amount spent on group health care benefits, including insurance premium contribution only)

Annual amount spent on retirement benefits, including employer contribution plans

RESULTS

Your estimated maximum PPP loan amount is:

\$0.00

Your maximum PPP loan amount can be no more than \$10 million.

Note: Please keep the backup calculations ready

APPLICATION INSTRUCTIONS

Section 1

Paycheck Protection Program
Borrower Application Form

OMB Control No. 7530-0047
Expires Date: 01-31-2020

1 Select the type of structure of your organization

2 Enter your DBA (Doing Business As) or Trade Name (Optional Field)

3 Enter your Business Legal name

4 Enter your Business Address

5 Enter your Business Tax Identification Number (SSN or EIN)

6 Enter your Business Phone

7 Enter your Primary Contact

8 Enter your Email Address

9 Enter Average Monthly Payroll

10 Enter the Total PPP Loan Amount (using the calculation)

11 Enter the Number of Employees

12 Enter Purpose of the Loan

13 Enter Applicant Ownership Info (if more than two owners, attach a separate sheet)

14 Answer Questions 1 to 4 (Yes/No)

15 Answer Questions 5 to 8

16 Initial 5 and 6 to confirm your responses

Check One:	1 Sole proprietor	2 Partnership	3 C Corp	4 S Corp	5 LLC	6 Independent contractor	7 Employer with employee contract	8 501(c)(3) nonprofit	9 501(c)(29) religious organization	10 Tribal business (see 501(c)(3) Small Business Act)	11 Other	12 BBA or trademark if applicable
Business Legal Name												
Business Address				Business EIN (SSN, SVN)			Business Phone					
Primary Contact				4			Email Address					
Average Monthly Payroll	1	2	3	4	5	6	7	8	9	10	11	12
Purpose of the loan (select more than one)	<input type="checkbox"/> Payroll <input type="checkbox"/> Lease / Mortgage Interest <input type="checkbox"/> Utilities <input type="checkbox"/> Other Expenses											
Applicant Ownership	List all owners of 20% or more of the equity of the Applicant. Attach a separate sheet if necessary.											
Owner Name	Title	Ownership %	SSN/EIN, SVN	Address								
Question	Yes	No										
1. Is the Applicant or any owner of the Applicant presently suspended, debarred, proposed for debarment, debarred, excluded, or otherwise excluded from participation in this transaction by any Federal department or agency, or presently involved in any bankruptcy?	<input type="checkbox"/>	<input type="checkbox"/>										
2. Has the Applicant, any owner of the Applicant, or any business owned or controlled by any of them, ever obtained a direct or guaranteed loan from SBA or any other Federal agency that is currently delinquent or has defaulted in the last 12 years and caused a loss to the government?	<input type="checkbox"/>	<input type="checkbox"/>										
3. Is the Applicant or any owner of the Applicant an owner of any other business, or have common management with any other business? If yes, list all such businesses and include the relationship on a separate sheet identical to Attachment A.	<input type="checkbox"/>	<input type="checkbox"/>										
4. Has the Applicant received an SBA Economic Injury Disaster Loan between January 11, 2020 and April 3, 2020? If yes, provide details on a separate sheet identified as Attachment B.	<input type="checkbox"/>	<input type="checkbox"/>										
If questions 1, 2, or 4 are answered "Yes," the loan will not be approved.												
Question	Yes	No										
5. Is the Applicant (if an individual) or any individual owning 20% or more of the equity of the Applicant subject to an injunction, criminal conviction, bankruptcy, or other means by which federal criminal charges are brought or any conviction, or presently incarcerated, or on probation or parole?	<input type="checkbox"/>	<input type="checkbox"/>										
6. Within the last 5 years, for any felony, has the Applicant (if an individual) or any owner of the Applicant 1) been convicted of a federal quality, 2) provided false information, or 3) been placed on federal probation, or 4) been placed on any form of parole or probation (including probation before judgment)?	<input type="checkbox"/>	<input type="checkbox"/>										
7. Is the Applicant the principal place of residence for all employees of the Applicant included in the Applicant's payroll calculations above?	<input type="checkbox"/>	<input type="checkbox"/>										
8. Is the Applicant a franchise that is listed in the SBA's Franchise Directory?	<input type="checkbox"/>	<input type="checkbox"/>										

The ACA created a PPP loan and forgiveness calculator as a tool to better prepare businesses for the loan.

APPROVED ARIZONA LENDERS

PAYCHECK PROTECTION PROGRAM

SBA PPP Loans	PHONE			
LENDER				
ALLIANCE BANK OF ARIZONA	(480) 998-6548			
AMERICA FIRST CU	(602) 538-9671			
AMERICAN SOUTHWEST CU	(520) 459-1860	Sierra		
ARIZONA FEDERAL CU	(623) 230-3508	Huac		
ATLANTIC CAPITAL BANK	(602) 577-7740			
BANK 34	(480) 795-6936			
BANK OF ARIZONA	(602) 240-2751			
BANK OF THE WEST	(602) 549-4860			
BBVA USA	(602) 522-2696			
BMO HARRIS BANK	(602) 330-4860			
BNC NATIONAL BANK	(602) 508-3773			
CANYON COMMUNITY BANK	(602) 603-3524			
CANYON STATE CREDIT UNION	(623) 580-6000	Phoenix, P		
CENTERSTONE SBA LENDING	(602) 999-7108			
COMERICA BANK	(714) 424-3838			
COMMERCE BANK OF ARIZONA	(480) 253-4505			
ENTERPRISE BANK	(913) 791-9112			
FIRST INTERNATIONAL BANK & TRUST	(480) 751-2785	Pho		
FIRST INTERNET BANK	(317) 372-7822			

SBA PPP Loans	PHONE	MARKET AREA	Lender Status	ACCEPTING NEW CLIENTS
LENDER				
HARVEST SMALL BUSINESS FINANCE	(602) 703-6301	Statewide	PLP	
HORIZON COMMUNITY BANK	(928) 854-3000	Statewide	PLP	
IOWA STATE BANK	(520) 314-2597	Statewide	GP	
JOHNSON BANK	(602) 381-2100	Maricopa Co.	PLP	
JPMORGAN CHASE BANK	(623) 337-9969	Statewide	PLP	
LANDINGS CU	(480) 967-9475	Tempe, Chandler, Gilbert		Yes
MEADOWS BANK	(623) 328-9770	Statewide	PLP	
METRO PHOENIX BANK	(602) 346-1803	Statewide	PLP	Yes
MIDFIRST	(602) 801-5713	Statewide	PLP	
MIDWEST REGIONAL SBL	(480)-468-5180	Statewide	GP	Yes
MIDWEST REGIONAL BANK	(602) 405-3513	Statewide		Yes
MOUNTAIN AMERICA CU	(480) 487-5577	Statewide	PLP	Yes
NATIONAL BANK OF ARIZONA	(602) 212-5545	Statewide	PLP	
OLD PUEBLO CU	(520) 881-6262	Tucson		Yes
ONEAZ CU	(602) 467-4262	Statewide	GP	
POPPY BANK	(480) 346-1218	Statewide	PLP	
REPUBLIC BANK OF AZ	(602) 280-9402	Statewide	GP	Yes
RADIUS BANK	(602) 635-6999	Statewide	PLP	
READYCAP LENDING	(602) 538-9671	Statewide	PLP	
STATE BANK OF ARIZONA	(928) 855-4050 ext.5201	Statewide	GP	
STEARNS BANK	(480) 314-4200	Statewide	PLP	
SUNFLOWER BANK	(602) 292-5886	Statewide	PLP	
SUNWEST FEDERAL CU	(602) 866-1100	Phoenix Metro Area		Yes
T BANK	(602) 206-1417	Statewide	PLP	
TEXAS CAPITAL	(602) 228-6647	Statewide	PLP	
UMB BANK	(602)-912-6742	Maricopa Co.	PLP	
U.S. BANK	(602) 222-4576	Statewide	PLP	
UNISON BANK	(480) 497-9800	Phoenix Metro Area		Yes
VANTAGE WEST CREDIT UNION	(520) 617-4062	Major Counties	GP	
WELLS FARGO BANK ARIZONA	(602) 378-5221	Statewide	PLP	

[Access approved lender list](#)

COVID-19 ECONOMIC INJURY DISASTER LOAN





ALLEVIATE ECONOMIC INJURY

SBA ECONOMIC INJURY DISASTER LOAN (EIDL)

- If your small business (**less than 500 employees**) has suffered substantial economic injury due to COVID response
 - Unable to meet obligations and pay ordinary and necessary operating expenses

ELIGIBLE BUSINESSES

SBA ECONOMIC INJURY DISASTER LOAN (EIDL)



Businesses
with fewer
than 500
employees



Cooperatives,
SOPs, and tribal
small businesses
with fewer than
500 employees



Sole
proprietors



Independent
contractors



Most private
nonprofits

Businesses must have been in existence on January 21, 2020



SECOND WAVE OF FUNDING

PROPOSED FEDERAL LEGISLATION

ECONOMIC INJURY
DISASTER LOAN PROGRAM

\$60B

With **\$50 billion** for loans
and **\$10 billion** for advances



APPROPRIATE USE OF FUNDS

SBA ECONOMIC INJURY DISASTER LOAN (EIDL)

- Help meet the capital needs caused by COVID-19 response
- Help pay financial obligations and operating costs which could have been paid had the disaster not occurred
 - Fixed debt payments, payroll, accounts payable
 - Extraordinary expenses caused by COVID-19
- EIDL **does not** replace lost revenue, lost profits or fund expansion
- EIDL loan can **augment** Paycheck Protection Plan



AVAILABLE LOAN TERMS

SBA ECONOMIC INJURY DISASTER LOAN (EIDL)

- The maximum EIDL is a **\$2 million working capital loan** at a rate of **3.75% for businesses** and **2.75% for non-profits** with up to a 30-year term
- Payments on Coronavirus EIDL loans are deferred for **one year**
- Up to **\$200,000** can be approved without a personal guarantee
- Approval can be based on a **credit score** and no first-year tax returns are required
- Collateral sought above \$25,000 (no real estate until \$500,000). May proceed with no or low collateral.
- Borrowers do not have to prove they could get credit elsewhere



GETTING STARTED

SBA ECONOMIC INJURY DISASTER LOAN (EIDL)

- Go to: <https://covid19relief.sba.gov> **today!**
 - Check the box to be “considered for Advance”
 - Wait
 - Advance paid first directly to your bank account
 - While awaiting contact from a case worker, prepare
 - Form 2202
 - Form 1368
 - Form 4506T for company and 20%+ owners
 - Copy of most recent FITR



IMPORTANT NOTES

SBA ECONOMIC INJURY DISASTER LOAN (EIDL)

ASK FOR HELP

- AZ Small Business Development Centers
<https://www.azsbdc.net/>
- AZ Small Business Ombudsman
<https://www.azcommerce.com/programs/small-business-services>
- SBA Disaster Customer Service Center: 800-659-2955,
disastercustomerservice@sba.gov



SBA DEBT RELIEF

In Brief – Check with Your Bank and The SBA Website

For SBA 7a, 504 and certain Microloans

- Payment of six months of principle and interest
- “Automatic”
- Impact of deferred status
- Includes new loans through 9/27/20*

BIG DAY

EIDL APPLICATION WINDOW OPENS

BANKS BEGIN ACCEPTING APPLICATIONS

COMMUNITY LENDERS ACCEPTING APPLICATIONS

APRIL 27, 2020



COVID-19 MITIGATING BUSINESS RISK





INITIATE A PLAN

MITIGATION MEASURES

- 1. Contact your bank** immediately with an update on your current status and funding needs
- 2. Prepare a plan** to preserve your business and leverage loans to minimize layoffs
- 3. Communicate** with your landlord or building owner your business needs

LEVERAGE ACA'S PROGRAMS

MITIGATION MEASURES



SMALL BUSINESS

Navigating SBA & SBDC

Local banking contacts

Latest Developments



WORKFORCE

Employer liaison

Cross-walking employees

Consult on federal funding
for training



ARIZONA MEP

Matching manufacturing
with COVID-19 needs.

Emergency Planning
consults



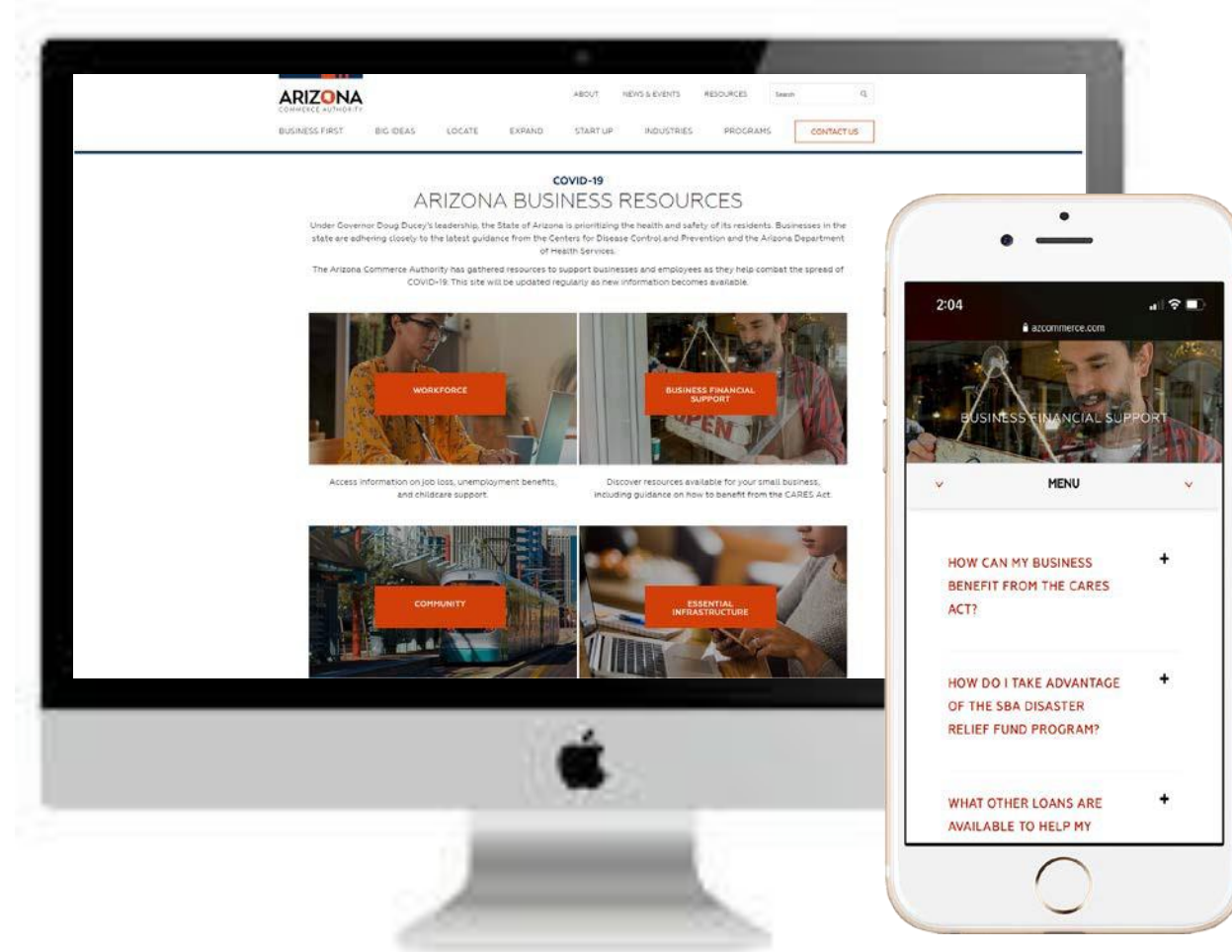


ARIZONA Resources for Owners

1. Contact your bank immediately with an update on your current status and funding needs.
2. Prepare a plan to preserve your business and leverage loans to minimize layoffs.
3. Communicate your business needs with your building owner or its management team.
4. Monitor for business updates:
<https://www.azcommerce.com/covid-19/>

STAY INFORMED

MITIGATION MEASURES



AZcommerce.com/COVID-19



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Learn strategies to work with your bank to receive business support. This session aims to demystify the lending process, while also sharing ideas on alternative sources of lending.

Sessions will take place every day at 9:00 AM



THANK YOU

