

# Strategies for Success Webinar

Presented by:



**PRESTAMOS CDFI**  
a division of **CHICANOS POR LA CAUSA**

## Update on Paycheck Protection Program

As an SBA Microlender and mission driven lender, Prestamos provides small business loans and quality bilingual business education to empower the small business community and create opportunities for economic growth and advancement

# What Is The Paycheck Protection Program

## Forgivable SBA Loan Program

- This is a loan – you will be required to sign loan documents
- Intended to **Help Employers Keep Employees on Payroll & Benefits/Self-Employed compensation replacement**
- **100% Forgivable** if Conditions Are Met
- If Not 100% Forgiven, Fixed 5-Year Term with 1% Interest Rate
- PPP is not considered taxable income!!!
- You can now use your expenses as a tax write off
- EIDL Advances No Longer Withheld from Forgiveness

# Burning Questions

Can I Get a 2<sup>nd</sup> PPP Loan?

- Borrowers who received a 1<sup>st</sup> Draw PPP loan **ARE** eligible for a 2<sup>nd</sup> Draw PPP loan if they meet certain conditions. Forgiveness on the 1<sup>st</sup> PPP is **NOT** required before applying for a 2<sup>nd</sup> PPP loan!

Can I Get a 1<sup>st</sup> PPP Loan?

- Businesses that **did not** receive a PPP during a previous round **will be** eligible to receive a PPP for the first time if they meet program requirements

When/How Can I Apply?

- You Can Apply Now!
- Join our Prestamos Familia by applying at [www.prestamosloans.org/ppp](http://www.prestamosloans.org/ppp)

# PPP Rules and Requirements

## Eligibility

- For Profit Businesses, 501(c)(3) and 501(c)(6) Organizations
- Employees have principal residence in US
- 500 or fewer employees (300 for Second Draw)
- You pay W2 wages or have self-employment income

## Eligible Use of Funds

- 60% of the loan must be used for W2 wages, owner compensation replacement, group health and retirement, and/or state unemployment taxes
- 40% to other eligible expenses (Rent/Utilities/Interest/PPE/Computing)

## PPP Terms

- 2.5x average monthly payroll amount on up to first \$100,000 in wages per employee (3.5x for second draw borrowers in food/accommodations)
- 8 to 24 Week Covered Period – which means you cannot get 1<sup>st</sup> and 2<sup>nd</sup> draw at this point

# Recent PPP Updates

## Hold On 20+ Employees

- Businesses with 20 or more employees on hold through March 9 2021
- Employee = Part Time or Full Time NOT FTE
- Can Resume Filing March 10 2021

## New Schedule C Calculations

- Borrowers can utilize Line 7, Gross Income, instead of Line 31, Net Income
- Max of \$20,833 for Self Employment Income Across All Businesses
- **WILL NOT BE RETROACTIVE FOR PREVIOUSLY FUNDED & SBA 1502 FILED**

## ITIN Clarification

- Non-Citizen, Lawful US Residents Eligible
- ITINS can be used to apply for the PPP

# Recent PPP Updates

## Criminal History

- Eliminating non-Fraud felony convictions as an exclusion from PPP Program

## Student Loans

- Eliminate student loan delinquency as an exclusion from PPP Program

## Interim Final Ruling

- Expecting On/Around March 6, 2021
- Brand New 2483/2483-SD To Be Issued

# How Do I Determine My PPP Amount?

## If You Pay W2 Employees

- If you paid W2 employees in either 2019 or 2020, you are eligible based on the total wages, company paid health/retirement, and state unemployment
- Total Divided by 12 to get “monthly payroll cost”, multiply by 2.5 months\*\*

## If You Are Self Employed

- If you file a Schedule C as part of your personal taxes, you can use Line 7 of your Schedule C
- Line 7 Divided by 12 to get “monthly payroll cost”, multiply by 2.5 months\*\*

## If You Are A Partnership

- If you file a 1065 Partnership Return and Receive a K-1, you will use Line 14a of each partners K-1. Add each K-1 then multiply by .9235
- Total Divided by 12 to get “monthly cost”, multiply by 2.5 months\*\*

*\*\*For 2<sup>nd</sup> Draw Borrowers with an NAICS code starting with 72 (food/accommodations) the amount is 3.5X*

# What Business/Tax Documents Do I Provide?

## Articles of Organization/Inc

- If you have a business name, provide your Articles of Organization/Incorporation from the state where you filed

## Owner/Business Verification

- Personal and Business Information
- Photo Identification
- 2020 Bank Statement/Proof In Operation Feb 15, 2020

## Tax Returns

- 1040 Schedule C – Sole Proprietor/Single Member LLC
- 1065 Partnership Return with K1's
- 1120 or 1120s Corporate Return (W2 Wages Required)
- 994 Non Profit Tax Return (W2 Wages Required)



# Eligibility Requirements for Second Draws

## Must Have Been Eligible For/Received First Draw

### Business Start Date

Must have been in OPERATION on February 15, 2020

### Number of Employees

No more than 300

### 25% Reduction in GROSS RECEIPTS

Borrower can demonstrate a 25% decrease in at least **one** quarter of 2020 compared to the same quarter of 2019 (or Q1 2020 vs Q2-Q4)

### Lender Choice

You do not have to use the same lender for your second draw.. You can use **any** participating lender

# How Can I Use The PPP Loan?

## 60% For Payroll/40% For Other Eligible Expenses

Payroll Expenses Include: Wages, Tips, Commissions, Vacation Time, Sick Time, Company Paid Health or Retirement Benefits and State Unemployment Tax

### Operations Expenditures:

Business Rent/Lease, Utilities, Mortgage or Fixed Loan Interest Only

### Operations Expenditures:

Software, cloud computing, human resource, and accounting needs

### Property Damage Costs:

Costs related to property damage during 2020 public disturbances not covered by insurance

### Worker Protection:

PPE and adaptive instruments necessary for health compliance

# Applying for Forgiveness

## Work With Your Lender

- Each Lender will have their own process but will require you to complete a forgiveness application

## When to Apply for Forgiveness

- Apply within 10 months of end of covered period for full forgiveness
- Covered period is 8-24 weeks from time of deposit into your bank
- After covered period + 10 months you will start repayment

## Forgiveness Application

- Loans Under \$150,000: 3508S, No Documentation Required
- Loans over \$150,000: 3508 or 3508EZ, Documentation Required
- All Second Draw Loans: Proof of 25% Reduction



**Paycheck Protection Program**

PPP Loan Forgiveness Application Form 3508S Revised January 19, 2021

OMB Control No.: 3245-0407  
Expiration Date: 7/31/2021

**A BORROWER MAY USE THIS FORM ONLY IF THE BORROWER RECEIVED A PPP LOAN OF \$150,000 OR LESS**

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

First Draw PPP Loan  Second Draw PPP Loan (check one)

SBA PPP Loan Number: [redacted] Lender PPP Loan Number: [redacted]

PPP Loan Amount: [redacted] PPP Loan Disbursement Date: [redacted]

Employees at Time of Loan Application: [redacted] Employees at Time of Forgiveness Application: [redacted]

Covered Period: [redacted] to [redacted]

If Borrower (Together with Affiliates, if Applicable) Received First Draw PPP Loans of \$2 Million or More or Second Draw PPP Loans of \$2 Million or More, Check Here:

Amount of Loan Spent on Payroll Costs: [redacted] Requested Loan Forgiveness Amount: [redacted]

**By Signing Below, You Make the Following Representations and Certifications on Behalf of the Borrower:**

The Authorized Representative of the Borrower certifies to all of the below by **initialing** next to each one.

[redacted] The Borrower has complied with all requirements in the Paycheck Protection Program Rules (Sections 7(a)(36), (7)(a)(37), and 7A of the Small Business Act, the PPP interim final rules, and guidance issued by SBA through the date of this application), including the rules related to:

- eligible uses of PPP loan proceeds;
- the amount of PPP loan proceeds that must be used for payroll costs;
- the calculation and documentation of the Borrower's revenue reduction (if applicable); and
- the calculation of the Borrower's Requested Loan Forgiveness Amount.

Information regarding these requirements may be found in the Form 3508S Instructions and the Paycheck Protection Program Rules.

[redacted] The information provided in this application is true and correct in all material respects. I understand that knowingly making a false statement to obtain forgiveness of an SBA-guaranteed loan is punishable under the law, including 18 U.S.C. 1001 and 3571 by imprisonment of not more than five years and/or a fine of up to \$250,000; under 15 U.S.C. 645 by imprisonment of not more than two years and/or a fine of not more than \$5,000; and, if submitted to a Federally insured institution, under 18 U.S.C. 1014 by imprisonment of not more than thirty years and/or a fine of not more than \$1,000,000.

- You (the Borrower) can apply for forgiveness of your First or Second Draw Paycheck Protection Program (PPP) Loan using this SBA Form 3508S only if the loan amount you received from your Lender was \$150,000 or less for an individual First or Second Draw PPP Loan.
- SBA Form 3508S requires fewer calculations and less documentation for eligible borrowers. SBA Form 3508S does not require borrowers to show the calculations used to determine their loan forgiveness amount.
- Borrower must retain all records necessary to prove compliance with Paycheck Protection Program Rules for four years for employment records and for three years for all other records.



PPP Loan Forgiveness Calculation Form

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

First Draw PPP Loan  Second Draw PPP Loan (check one)

SBA PPP Loan Number: [redacted] Lender PPP Loan Number: [redacted]

PPP Loan Amount: [redacted] PPP Loan Disbursement Date: [redacted]

Employees at Time of Loan Application: [redacted] Employees at Time of Forgiveness Application: [redacted]

Covered Period: [redacted] to [redacted]

If Borrower (Together with Affiliates, if Applicable) Received First Draw PPP Loans of \$2 Million or More or Second Draw PPP Loans of \$2 Million or More, check here:

Forgiveness Amount Calculation:

Payroll and Nonpayroll Costs

Line 1. Payroll Costs (enter the amount from PPP Schedule A, line 10): [redacted]

Line 2. Business Mortgage Interest Payments: [redacted]

Line 3. Business Rent or Lease Payments: [redacted]

Line 4. Business Utility Payments: [redacted]

Line 5. Covered Operations Expenditures: [redacted]

Line 6. Covered Property Damage Costs: [redacted]

Line 7. Covered Supplier Costs: [redacted]

Line 8. Covered Worker Protection Expenditures: [redacted]

Adjustments for Full-Time Equivalency (FTE) and Salary/Hourly Wage Reductions

Line 9. Total Salary/Hourly Wage Reduction (enter the amount from PPP Schedule A, line 3): [redacted]

Line 10. Sum the amounts on lines 1 through 8, then subtract the amount entered in line 9 [redacted]

Line 11. FTE Reduction Quotient (enter the number from PPP Schedule A, line 13): [redacted]

Potential Forgiveness Amounts

Line 12. Modified Total (multiply line 10 by line 11): [redacted]

Line 13. PPP Loan Amount: [redacted]

Line 14. Payroll Cost 60% Requirement (divide line 1 by 0.60): [redacted]

Forgiveness Amount

Line 15. Forgiveness Amount (enter the smallest of lines 12, 13, and 14): [redacted]

- This application has the following components: (1) the PPP Loan Forgiveness Calculation Form; (2) PPP Schedule A; (3) the PPP Schedule A Worksheet; and (4) the (optional) PPP Borrower Demographic Information Form. All Borrowers must submit (1) and (2) to their Lender.
- FTE: Documentation showing (at the election of the Borrower): a. the average number of FTE employees on payroll per week employed by the Borrower between February 15, 2019 and June 30, 2019; b. the average number of FTE employees on payroll per week employed by the Borrower between January 1, 2020 and February 29, 2020; or c. in the case of a seasonal employer, the average number of FTE employees on payroll per week employed by the Borrower between February 15, 2019 and June 30, 2019; between January 1, 2020 and February 29, 2020; or any consecutive 12-week period between February 15, 2019 and February 15, 2020



**Paycheck Protection Program**  
PPP Loan Forgiveness Application Form 3508EZ Revised January 19, 2021

OMB Control No.: 3245-0407  
Expiration Date: 7/31/2021

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

First Draw PPP Loan  Second Draw PPP Loan (check one)

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: \_\_\_\_\_

Covered Period: \_\_\_\_\_ to \_\_\_\_\_

If Borrower (Together with Affiliates, if Applicable) Received First Draw PPP Loans of \$2 million or More or Second Draw PPP Loans of \$2 Million or More, 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: \_\_\_\_\_

Line 5. Covered Operations Expenditures: \_\_\_\_\_

Line 6. Covered Property Damage Costs: \_\_\_\_\_

Line 7. Covered Supplier Costs: \_\_\_\_\_

Line 8. Covered Worker Protection Expenditures: \_\_\_\_\_

Potential Forgiveness Amounts

Line 9. Sum the amounts on lines 1 through 8: \_\_\_\_\_

Line 10. PPP Loan Amount: \_\_\_\_\_

Line 11. Payroll Cost 60% Requirement (divide Line 1 by 0.60): \_\_\_\_\_

Forgiveness Amount

Line 12. Forgiveness Amount (enter the smallest of Lines 9, 10, and 11): \_\_\_\_\_

- Utilized for borrowers that have received over \$150,000 and qualify for one of the safe harbors:

- The Borrower did not reduce annual salary or hourly wages of any employee by more than 25 percent during the Covered Period compared to the most recent full quarter before the Covered Period. (For purposes of this statement, "employees" means only those employees that did not receive, during any single period during 2019, wages or salary at an annualized rate of pay in an amount more than \$100,000.);

**AND**

The Borrower did not reduce the number of employees or the average paid hours of employees between January 1, 2020 and the end of the Covered Period.

- Ignore reductions that arose from an inability to rehire individuals who were employees on February 15, 2020 if the Borrower was unable to hire similarly qualified employees for unfilled positions on or before December 31, 2020 (or, for a PPP loan made after December 27, 2020, the last day of the Covered Period).
- Also ignore reductions in an employee's hours that the Borrower offered to restore and the employee refused. See [85 FR 33004, 33007](#) (June 1, 2020) for more details.

- The Borrower did not reduce annual salary or hourly wages of any employee by more than 25 percent during the Covered Period compared to the most recent full quarter before the Covered Period. (For purposes of this statement, "employees" means only those employees that did not receive, during any single period during 2019, wages or salary at an annualized rate of pay in an amount more than \$100,000.);

**AND**

The Borrower was unable to operate during the Covered Period at the same level of business activity as before February 15, 2020, due to compliance with requirements established or guidance issued between March 1, 2020 and December 31, 2020 (or, for a PPP loan made after December 27, 2020, requirements established or guidance issued between March 1, 2020 and the last day of the Covered Period) by the Secretary of Health and Human Services, the Director of the Centers for Disease Control and Prevention, or the Occupational Safety and Health Administration, related to the maintenance of standards of sanitation, social distancing, or any other work or customer safety requirement related to COVID-19.

# Quick Recap

## When/How To Apply

- The PPP Program is open now to 1<sup>st</sup> and 2<sup>nd</sup> Draw Applicants
- Contact a participating lender or apply with us online at [www.prestamosloans.org/ppp](http://www.prestamosloans.org/ppp)

## Eligibility

- Borrowers who pay W2 employees or Self-Employed Individuals with positive net income on Schedule C Line 7/1065 Partnership K-1's
- 1<sup>st</sup> Draw = Less Than 500 Employees
- 2<sup>nd</sup> Draw = Less Than 300 Employees, 25% Reduction In One Quarter of 2020 vs 2019

## Forgiveness

- The PPP is 100% Forgivable by The SBA If:
  - Borrower uses at least 60% for eligible payroll costs (can use 100%)
  - Borrower uses no more than 40% for other eligible costs
  - Self Employed Using Schedule C can use 100% for “owner compensation replacement”
  - Borrower Maintains FTE Headcounts or meets Safe Harbor

# Additional Resources

## Prestamos PRIME Program

- No-Cost Assistance for eligible businesses
  - Accounting, Marketing, Social Media, Coaching, Website. Etc
- <https://www.prestamosloans.org/sba-prime-program/>

## Prestamos Events Page

- Webinars with PPP updates, business planning, financials, etc
- <https://www.prestamosloans.org/events/>

## CPLC Prestamos Women's Business Center

- In-person and Virtual Coaching & Business Assistance Coming Soon (*Buckeye Commerce Center – 11<sup>th</sup> Street & Buckeye*)
- <https://www.prestamosloans.org/womens-business-center/>



# Additional Resources



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<b>MINI MICROLOAN</b>	<b>MID MICROLOAN</b>	<b>MEGA MICROLOAN</b>
<b>\$1,500-\$5,000</b>	<b>\$5,001-\$15,000</b>	<b>\$15,001-\$50,000+</b>
<b>LOAN TERMS</b>	<b>LOAN TERMS</b>	<b>LOAN TERMS</b>
<ul style="list-style-type: none"><li>■ 12-36 Months Term</li><li>■ Application Fee Waived</li><li>■ Interest Rate as low as 7%</li><li>■ Minimum 600+ FICO</li><li>■ Minimum 1+ Year in Business</li><li>■ No-Cost Business Coaching</li></ul>	<ul style="list-style-type: none"><li>■ Up to 48 Month Term</li><li>■ 3 Months Interest Only</li><li>■ Interest Rates as low as 6.75%</li><li>■ Minimum 600+ FICO</li><li>■ Minimum 3+ Years in Business</li><li>■ No-Cost Business Coaching</li></ul>	<ul style="list-style-type: none"><li>■ Up to 5 Years</li><li>■ 3 Months Interest Only</li><li>■ Interest Rates as low as 6.50%</li><li>■ Minimum 600+ FICO</li><li>■ Minimum 3+ Years in Business</li><li>■ No-Cost Business Coaching</li></ul>

**Additional funding opportunities through Prestamos include:**

- Mini Microloan
- Mid Microloan
- Mega Microloan
- Small Business Loans up to \$1MM
- Community Advantage
- Social Enterprise

Visit us at [www.prestamosloans.org](http://www.prestamosloans.org) for more information or to apply

Thank you for watching!

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