

# Coronavirus Relief Programs for Nonprofits

## Paycheck Protection Program (PPP) and SBA Economic Injury Disaster Loan Program (EIDL)

The programs and initiatives in the Coronavirus Aid, Relief, and Economic Security (CARES) Act recently passed by Congress are intended to assist business owners and nonprofits with their imminent needs. This guide provides information about the major programs and initiatives that are available from the Small Business Administration (SBA).

Please stay in contact with the Fidelity Bank team for the latest information and updates and programs and application guidelines.

Information current as of April 7, 2020





# Paycheck Protection Program

The Paycheck Protection Program (PPP) authorizes up to \$349 billion in forgivable loans for small businesses to pay their employees during the COVID-19 crisis. PPP loans will provide cash-flow assistance through 100% federally guaranteed loans to employers who maintain their payroll during the coronavirus emergency. Loans will be forgiven as long as:

- The loan proceeds are used to cover payroll costs, and most mortgage interest, rent, and utility costs over the 8 week period after the loan is made; and
- Employee and compensation levels are maintained.

Small businesses and other eligible entities will be able to apply if they were **harmed by COVID-19 between February 15, 2020 and June 30, 2020**. This program would be **retroactive to February 15, 2020**, in order to help bring workers who may have already been laid off back onto pay-rolls. **Loans are available through June 30, 2020.**

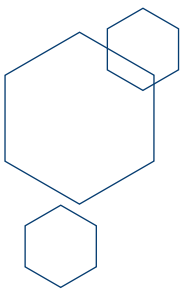
## Applying for the PPP Loan

Applications accepted through June 30, 2020, or while funding is available.

- **Starting April 3, 2020, small businesses can apply** for and receive loans to cover their payroll and other certain expenses through existing SBA lenders.
- **Starting April 10, 2020, independent contractors and self-employed individuals can apply.**

Applicants must complete the PPP loan application and submit supporting documentation. The PPP application is available at [sba.bankwithfidelity.com](http://sba.bankwithfidelity.com). Applicants are advised to prepare the following supporting documentation to support your application:

<p>Documentation to Support Loan Amount</p>	<ul style="list-style-type: none"> <li>• Business Documents including:               <ul style="list-style-type: none"> <li>• Articles of Incorporation</li> <li>• By-Laws</li> <li>• Operating Agreements</li> </ul> </li> <li>• Payroll reports for 2019 and 2020 year-to-date showing the following by employee and/or officers:               <ul style="list-style-type: none"> <li>• Gross wages—2019 W-3 (or 2019 quarterly 941s; 2019 W-2s or 2019 payroll register by employee)</li> <li>• Paid time off</li> <li>• Paid vacation</li> <li>• Pay for family medical leave</li> <li>• State and local taxes— 2019 quarterly L-1s or any other supporting documentation to determine State Taxes paid</li> <li>• 1099's for independent contractors (if applicable)</li> </ul> </li> <li>• Completed 2019 tax return OR 2018 Tax Return + 2019 year-end Profit and Loss Report and Balance Sheet</li> <li>• Documentation Showing:               <ul style="list-style-type: none"> <li>• Funds received in the form of an Economic Injury loan since 1/31/20 (if applicable)</li> <li>• How much the company paid toward health care benefits for 2019</li> <li>• How much was spent on any retirement benefit for 2019</li> </ul> </li> </ul>
<p>Forgiveness Documentation Loan forgiveness of all or a portion of any loan will be subject to determination at a later date based on submission of required information and certifications.</p>	<ul style="list-style-type: none"> <li>• Quarterly IRS forms 940, 941, or 944 for the following dates:               <ul style="list-style-type: none"> <li>• 3/31/19 and 6/30/19</li> <li>• 3/31/20 and 6/30/20</li> </ul> </li> <li>• Documentation in the form of canceled checks, payment receipts, and bank statements showing payment of the following items from 2/15/20 to 6/30/20:               <ul style="list-style-type: none"> <li>• Mortgage Interest</li> <li>• Rent Payments</li> <li>• Utilities</li> </ul> </li> </ul>



# Paycheck Protection Program

## Frequently Asked Questions

### QUESTION: What types of businesses and entities are eligible for a PPP loan?

- Businesses and entities must have been **in operation on February 15, 2020**.
- Small business concerns, as well as any business concern, a 501(c)(3) nonprofit organization, a 501(c)(19) veterans organization, or Tribal business concern described in section 31(b)(2)(C) that has fewer than 500 employees, or the applicable size standard in number of employees for the North American Industry Classification System (NAICS) industry as provided by SBA, if higher.
- 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.
- 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.

### QUESTION: What types of non-profits are eligible?

In general, 501(c)(3) and 501(c)(19) non-profits with 500 employees or fewer as most non-profit SBA size standards are based on employee count, not revenue. You can check here.

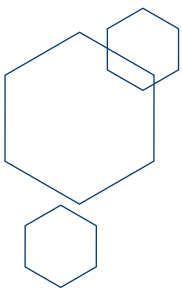
### QUESTION: How is the loan size determined?

Depending on your business's situation, the loan size will be calculated in different ways (see below). The maximum loan size is always \$10 million.

- **If you were in business February 15, 2019 – June 30, 2019:** Your max loan is equal to 250 percent of your average monthly payroll costs during that time period. If your business employs seasonal workers, you can opt to choose March 1, 2019 as your time period start date.
- **If you were not in business between February 15, 2019 – June 30, 2019:** Your max loan is equal to 250 percent of your average monthly payroll costs between January 1, 2020 and February 29, 2020.
- **If you took out an Economic Injury Disaster Loan (EIDL) between February 15, 2020 and June 30, 2020 and you want to refinance that loan into a PPP loan,** you would add the outstanding loan amount to the payroll sum.

### QUESTION: What costs are eligible for payroll?

- Salary, wages, commissions, or tips (capped at \$100,000 on an annualized basis for each employee);
- Employee benefits including costs for vacation, parental, family, medical, or sick leave; allowance for separation or dismissal; payments required for the provisions of group health care benefits including insurance premiums; and payment of any retirement benefit;



# Paycheck Protection Program

## Frequently Asked Questions

- State and local taxes assessed on compensation; and
- For a sole proprietor or independent contractor: wages, commissions, income, or net earnings from self-employment, capped at \$100,000 on an annualized basis for each employee.

### **QUESTION: What costs are not eligible for payroll?**

- Employee/owner compensation over \$100,000
- Taxes imposed or withheld under chapters 21, 22, and 24 of the IRS code
- Compensation of employees whose principal place of residence is outside of the U.S.
- Qualified sick and family leave for which a credit is allowed under sections 7001 and 7003 of the Families First Coronavirus Response Act

### **QUESTION: What are allowable uses of loan proceeds?**

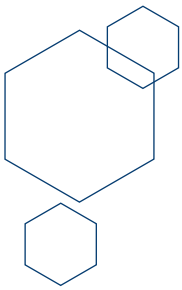
- Payroll costs (as noted above)
- Costs related to the continuation of group health care benefits during periods of paid sick, medical, or family leave, and insurance premiums
- Employee salaries, commissions, or similar compensations (see exclusions above)
- Payments of interest on any mortgage obligation (which shall not include any prepayment of or payment of principal on a mortgage obligation)
- Rent (including rent under a lease agreement)
- Utilities
- Interest on any other debt obligations that were incurred before the covered period

### **QUESTION: How large can my loan be?**

Loans can be for up to two months of your average monthly payroll costs from the last year plus an additional 25% of that amount. That amount is subject to a \$10 million cap. If you are a seasonal or new business, you will use different applicable time periods for your calculation. Payroll costs will be capped at \$100,000 annualized for each employee.

### **QUESTION: What is my interest rate?**

1.00% fixed rate.



# Paycheck Protection Program

## Frequently Asked Questions

### QUESTION: When do I need to start paying interest on my loan?

All payments are deferred for 6 months; however, interest will continue to accrue over this period.

### QUESTION: When is my loan due?

In 2 years.

### QUESTION: Can I pay my loan earlier than 2 years?

Yes. There are no prepayment penalties or fees.

### QUESTION: How is the forgiveness amount calculated?

You will owe money when your loan is due if you use the loan amount for anything other than payroll costs, mortgage interest, rent, and utilities payments over the 8 weeks after getting the loan. Due to likely high subscription, it is anticipated that not more than 25% of the forgiven amount may be for non-payroll costs.

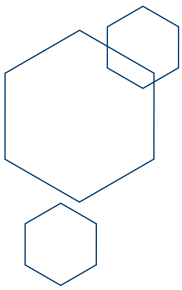
You will also owe money if you do not maintain your staff and payroll.

- **Number of Staff:** Your loan forgiveness will be reduced if you decrease your full-time employee headcount.
- **Level of Payroll:** Your loan forgiveness will also be reduced if you decrease salaries and wages by more than 25% for any employee that made less than \$100,000 annualized in 2019.
- **Re-Hiring:** You have until June 30, 2020 to restore your full-time employment and salary levels for any changes made between February 15, 2020 and April 26, 2020.

### QUESTION: How do I get forgiveness on my PPP loan?

You must apply through your lender for forgiveness on your loan. In this application, you must include:

- Documentation verifying the number of employees on payroll and pay rates, including IRS payroll tax filings and State income, payroll and unemployment insurance filings.
- Documentation verifying payments on covered mortgage obligations, lease obligations, and utilities.
- Certification from a representative of your business or organization that is authorized to certify that the documentation provided is true and that the amount that is being forgiven was used in accordance with the program's guidelines for use.



# Paycheck Protection Program

## Frequently Asked Questions

### **QUESTION: Can I get more than one PPP loan?**

No, an entity is limited to one PPP loan. Each loan will be registered under a Taxpayer Identification Number at SBA to prevent multiple loans to the same entity.

### **QUESTION: Do I need to pledge any collateral on this loan?**

No. No collateral is required.

### **QUESTION: Do I need to personally guarantee this loan?**

No. There is no personal guarantee requirement. \*\*\*However, if the proceeds are used for fraudulent purposes, the U.S. government will pursue criminal charges against you.\*\*\*

### **QUESTION: How does the PPP loan coordinate with SBA's existing loans?**

Borrowers may apply for PPP loans and other SBA financial assistance, including Economic Injury Disaster Loans (EIDLs), 7(a) loans, 504 loans, and microloans, and also receive investment capital from Small Business Investment Corporations (SBICs). However, you cannot use your PPP loan for the same purpose as your other SBA loan(s). For example, if you use your PPP to cover payroll for the 8-week covered period, you cannot use a different SBA loan product for payroll for those same costs in that period, although you could use it for payroll not during that period or for different workers.

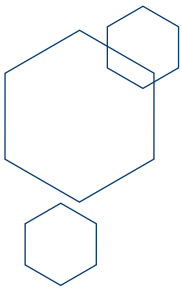
### **QUESTION: How does the PPP loan work with the temporary Emergency Economic Injury Grants and the Small Business Debt Relief program?**

Emergency Economic Injury Grant and Economic Injury Disaster Loan (EIDL) recipients and those who receive loan payment relief through the Small Business Debt Relief Program may apply for and take out a PPP loan as long as there is no duplication in the uses of funds. Refer to those sections for more information.

### **QUESTION: What do I need to certify?**

As part of your application, you need to certify in good faith that:

- Current economic uncertainty makes the loan necessary to support your ongoing operations.
- The funds will be used to retain workers and maintain payroll or to make mortgage, lease, and utility payments.
- You have not and will not receive another loan under this program.



# Paycheck Protection Program

## Frequently Asked Questions

- You will provide to the lender documentation that verifies the number of full-time equivalent employees on payroll and the dollar amounts of payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities for the eight weeks after getting this loan.
- Loan forgiveness will be provided for the sum of documented payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities. Due to likely high subscription, it is anticipated that not more than 25% of the forgiven amount may be for non-payroll costs.
- All the information you provided in your application and in all supporting documents and forms is true and accurate. Knowingly making a false statement to get a loan under this program is punishable by law.
- You acknowledge that the lender will calculate the eligible loan amount using the tax documents you submitted. You affirm that the tax documents are identical to those you submitted to the IRS. And you also understand, acknowledge, and agree that the lender can share the tax information with the SBA's authorized representatives, including authorized representatives of the SBA Office of Inspector General, for the purpose of compliance with SBA Loan Program Requirements and all SBA reviews.

**QUESTION:** How can I apply for a PPP loan?

Visit [sba.bankwithfidelity.com](https://sba.bankwithfidelity.com) to apply.

Please contact a Fidelity Bank Small Business Relationship Manager or Commercial Lender if you need assistance with your application.

You may request an appointment with a Fidelity banker by calling 1-800-220-2497, or by requesting an appointment online at [bankwithfidelity.com/meet](https://bankwithfidelity.com/meet).

Please [CLICK HERE](#) to view the SBA's Paycheck Protection Program FAQs.

Due to the limited amount of money and high demand, there is no guarantee that this money will be made available to all that apply. The amount that may be forgiven is limited and subject to certain requirements; make sure you follow the final guidance. Due to high demand, it is also important to make sure you provide all information necessary for a complete application.



# SBA Economic Injury Disaster Loan Program

The SBA Economic Injury Disaster Loan Program incorporates a traditional U.S. Small Business Administration loan with increased eligibility for businesses and nonprofits no more than 500 employees, as long as the nonprofit is not receiving Medicaid funds.

- **Small businesses have the opportunity to apply for an immediate advance of up to \$10,000** to small businesses and private non-profits harmed by COVID-19 within three days of applying for an SBA Economic Injury Disaster Loan (EIDL).
- To access the advance, you first apply for an EIDL and then request the advance.
- **The advance does not need to be repaid under any circumstance**, and may be used to keep employees on payroll, to pay for sick leave, meet increased production costs due to supply chain disruptions, or pay business obligations, including debts, rent and mortgage payments.

## Economic Injury Disaster Loan Program Details

EIDL applications are handled directly through the SBA and NOT through Fidelity Bank. Borrowers who receive an Economic Injury Disaster Loan for COVID-19 are not eligible to apply for a loan under the Paycheck Protection Program.

Loan Size	<ul style="list-style-type: none"><li>• Up to \$2,000,000</li><li>• Small businesses have the opportunity to apply for an immediate advancement of \$10,000, which, according to the SBA, will be made available within three days of applying for the loan.</li></ul>
Eligibility	Small businesses and non-profits affected by the coronavirus in presidential and SBA-declared disaster areas (list is updated regularly)
Interest Rate	<ul style="list-style-type: none"><li>• 2.75% for non-profits</li><li>• 3.75% for small businesses</li></ul>
Term Length	Up to 30 years.
Usage	Accounts payable, fixed debts, and other bills.
Documentation	Most recent tax returns, a personal financial statement, and a schedule of liabilities that lists all current debts. Traditionally EIDL loans would require a personal lien such as on a home. In this case, personal guarantees have been modified and sometimes eliminated.
How to Apply	<ul style="list-style-type: none"><li>• Apply directly through the SBA online at <a href="https://www.sba.gov/disaster-assistance/coronavirus-covid-19">https://www.sba.gov/disaster-assistance/coronavirus-covid-19</a></li><li>• Alternatively, call SBA disaster assistance customer service center at 1-800-659-2955 (TTY: 1-800-877-8339) or email <a href="mailto:disastercustomerservice@sba.gov">disastercustomerservice@sba.gov</a></li></ul>
More information	<a href="https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources">https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources</a>
Note	<ul style="list-style-type: none"><li>• <b>These loans are issued by the SBA and NOT Fidelity Bank.</b></li><li>• <b>Borrowers who receive an Economic Injury Disaster Loan for COVID-19 are not eligible to apply for a loan under the Paycheck Protection Program for the same purpose.</b></li></ul>





# SBA Economic Injury Disaster Loan Program

## Frequently Asked Questions

**QUESTION: Are businesses and private non-profits in my state eligible for an EIDL related to COVID-19?**

Yes, those suffering substantial economic injury in all 50 states, DC, and the territories may apply for an EIDL.

**QUESTION: What is an EIDL and what is it used for?**

EIDLs are lower interest loans of up to \$2 million, with principal and interest deferment at the Administrator's discretion, that are available to pay for expenses that could have been met had the disaster not occurred, including payroll and other operating expenses.

**QUESTION: Who is eligible for an EIDL?**

Those eligible are the following with 500 or fewer employees:

- Sole proprietorships, with or without employees
- Independent contractors
- Cooperatives and employee owned businesses
- Tribal small businesses

Small business concerns and small agricultural cooperatives that meet the applicable size standard for SBA are also eligible, as well as most private non-profits of any size. See below for more info on size standards.

**QUESTION: My private non-profit is not a 501(c)(3). Is it still eligible for an EIDL and a grant?**

Yes, if you are a private non-profit with an effective ruling letter from the IRS, granting tax exemption under sections 501(c), (d), or (e) of the Internal Revenue Code of 1954, or if you can provide satisfactory evidence from the State that the non-revenue producing organization or entity is a non-profit one organized or doing business under State law. However, a recipient that is principally engaged in teaching, instructing, counseling, or indoctrinating religion or religious beliefs, whether in a religious or secular setting, or primarily engaged in political or lobbying activities is not eligible to receive an EIDL. If you are uncertain whether you qualify, please consult with legal counsel to determine whether your organization meets program criteria.

**QUESTION: Who is eligible for an Emergency Economic Injury Grant?**

Those eligible for an EIDL and who have been in operation since January 31, 2020, when the public health crisis was announced.

**QUESTION: How long are Emergency Economic Injury Grants available?**

January 31, 2020 – December 31, 2020. The grants are backdated to January 31, 2020 to allow those who have already applied for EIDLs to be eligible to also receive a grant.



# SBA Economic Injury Disaster Loan Program

## Frequently Asked Questions

### **QUESTION: If I get an EIDL and/or an Emergency Economic Injury Grant, can I get a PPP loan?**

Whether you've already received an EIDL unrelated to COVID-19 or you receive a COVID-19 related EIDL and/or Emergency Grant between January 31, 2020 and June 30, 2020, you may also apply for a PPP loan. If you ultimately receive a PPP loan or refinance an EIDL into a PPP loan, any advance amount received under the Emergency Economic Injury Grant Program would be subtracted from the amount forgiven in the PPP. However, you cannot use your EIDL for the same purpose as your PPP loan. For example, if you use your EIDL to cover payroll for certain workers in April, you cannot use PPP for payroll for those same workers in April, although you could use it for payroll in March or for different workers in April.

### **QUESTION: How do I know if my business is a small business?**

Please visit <https://www.sba.gov/size-standards/> to find out if your business meets SBA's small business size standards. You will need the 6-digit North American Industry Classification Code for your business and your business's 3-year average annual revenue.

### **QUESTION: How do I apply for an economic injury disaster loan?**

To apply for an EIDL online, please visit <https://disasterloan.sba.gov/ela/>. Your SBA District Office is an important resource when applying for SBA assistance.

### **QUESTION: I am unfamiliar with the EIDL process, can anyone help me apply?**

Yes, SBA resource partners are available to help guide you through the EIDL application process. You can find the nearest Small Business Development Center (SBDC), Women's Business Center, or SCORE mentorship chapter at <https://www.sba.gov/local-assistance/find/>.