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IFA WEBINAR SERIES

What You Need to Know About PPP

January 21, 2021

SPONSORED BY: **lendio**

Speaker

- Brock Blake, CEO and co-founder of Lendio



Brock Blake believes that access to capital should be simpler and quicker for small business owners, and he's built a successful company around solving this problem. Brock leads the team that has facilitated over \$10B in loans to small businesses. An Inc. 500 CEO, Forbes columnist and national keynote speaker, Brock's dedication extends far beyond the boardroom. He has shaped a superior company culture with a humble and hungry team that is passionate about driving results and giving back.

About Lendio & Lendio Local

Lendio

- The nation's leading small business finance solutions provider
- Facilitated more than \$10B in loans to small businesses, including PPP loans

Lendio Local

- Launched in 2017 as the first -of-its-kind franchising program. Now in over 80 territories.
- Lendio Local representatives find business owners in every market who need financing.
- LL Reps work primarily with local referral sources (accountants, attorneys, chambers of commerce, BNI groups, etc.)
- Lendio's franchisees helped over 7,000 business owners get \$425 million in PPP loans last year. They are actively participating in this round of the program.



PPP Basics



The Paycheck Protection Program (PPP) was discontinued in August 2020. It re-opened on January 11th with some new provisions intended to help the smallest and hardest-hit businesses. Here's what you need to know:

- Congress has set aside \$285 billion for the program
 - \$12 billion has been set aside for BIPOC-owned businesses
 - Live event companies may be eligible for a special grant
- Businesses can receive up to 2.5 times their payroll costs (3.5x for industries that start with NAICS code 72)
- Business owners who have already taken a first PPP loan, and can show a 25% reduction in revenue, can receive a second draw on their PPP loan
- The program will be open until March 31, 2021 or until funds are depleted

Who Qualifies



First Draw

- Business must have been operational before February 15, 2020
- No more than 500 employees per location

Second Draw

- Must have used the first PPP loan
- No more than **300** employees per location
- Show a 25% or more reduction in gross revenue by...
 - Comparing annual gross revenue on 2020 tax return to 2019
 - Or comparing gross revenue in any quarter in 2020 with revenue from the same quarter in 2019

Disqualifiers



First Draw

- Your business wasn't operational before February 15, 2020
- You only employ household employees (nannies/housekeepers)
- An owner of 20% or more of the business is incarcerated, on parole, or has been convicted of a felony within the last year
- You've been delinquent on or defaulted on an SBA loan in the last seven years
- Your business is bankrupt or going through bankruptcy proceedings
- You do business in an industry not eligible for SBA 7(a) loans

Documents Needed for First Draw Loans

- Fully completed and signed application
- 2019 Federal Tax Return
- Payroll documents (940, 941, 943, 1120, 1040 Schedule C)
- A document that shows proof of existent on or around February 15th, 2020: Jan or Feb 2020 bank statements, Payroll Statement covering that time period
- Color copy of front and back of **each** owners' government ID
- Voided check
- Secretary of State snippet, showing proof of business ownership

Second Draw PPP Loans



- Businesses can receive up to 2.5 times monthly payroll costs
 - Businesses with a NAICS code starting in “72” (restaurants, hotels) can receive 3.5 times their payroll
- Maximum loan amounts for second draws is \$2 million, with a max of \$10 million between first and second draw
- You **do not** need to use the same lender for the second draw
- You will need your SBA PLP number, Payroll Documentation, and revenue reduction certification or documentation
 - For loans less than \$150,000, the borrower **may** not be required to provide documentation

Multiple Locations or Owners



- Any owner who owns 20% or more of the business will need to include:
 - Full name, Address and Phone Number
 - Email Address
 - Date of Birth
 - SSN
 - Ownership Percentage
 - Copy of front and back of government ID
- Businesses with multiple locations can receive a PPP loan for each individual location.

What Happens After You Apply



- Lendio verifies the application is complete and sends it to a trusted lender
- The lender will submit your application to the SBA
- The SBA makes an initial decision, which will result in one of four things:
 - The SBA issues a PLP number—this indicates that funds are reserved for the loan
 - The SBA requests more information and documentation
 - If the first draw loan is currently under review, your application will be rejected while they finish reviewing your first draw
 - The SBA may reject your application
- Once you receive a PLP, the underwriting process begins—the SBA allows 10 calendar days for the lender to complete underwriting and to disburse funds

Please be patient!



- According to representatives of the SBA, the money will not run out like it did during the first round last April
- Likely to last until end of February or March
- After 1 week, only 60,000 loans (1.5%) for \$5B (1.7%) have been approved

- The top 2 largest lenders (Wells Fargo and Bank of America):
- Bank of America: 30,000 applications for \$2.5B (0.8%)
- Wells Fargo: 29,000 applications for \$1.67B (0.58%)

- Each application requires manual review & quality control (checking IDs, signatures, calculations, etc.)

Questions?

Presidential Preview– Speakers



Michael Lotito

Shareholder, Littler
Mendelson

San Francisco, CA

milotito@littler.com



Ashli Palmer

Partner, Peck Madigan
Jones

Washington, DC

apalmer@pmj-dc.com



Presidential Preview

January 20 – Inauguration Day

January 31 – Federal eviction moratorium expires

February 1 – President to submit budget proposal to Congress – likely delayed

March 14 – Enhanced unemployment benefit expires

March 31 – Expiration of Paycheck Protection Program

July 1 – Employee Retention Tax Credit expires

August 1 – Debt Limit back into effect (extraordinary measures can extend) September 30 - Government funding expires

December 31 – Expiration of several tax extenders (e.g., energy, mortgage insurance, charitable), along with 3.75% increase in Medicare physician fees, spending deadline for state and local CARES funding, payment deadline for payroll tax deferral

Minimum Wage Increases in the New Year

Alaska (\$10.34)
Arizona (\$12.15)
Arkansas (\$11.00)
California (\$14.00)
Colorado (\$12.32)
Florida (\$8.65)
Illinois (\$11.00)
Maine (\$12.15)
Maryland (\$11.75)
Massachusetts (\$13.50)

Minnesota (\$10.08)
Missouri (\$10.30)
Montana (\$8.75)
New Jersey (\$12.00)
New Mexico (\$10.50)
New York (\$12.50)
Ohio (\$8.80)
South Dakota (\$9.45)
Vermont (\$11.75)
Washington (\$13.69)

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Thank you for attending!