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**Coronavirus Loan Comparison**  
*Frequently Asked Questions*

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**GENERAL**

**How should businesses approach the range of loans available?**

An individual business needs to assess its needs and ability to pay back the loans under the terms of each loan program. Businesses should be able to answer questions such as, “*Can I take on additional debt, and if so, how much?*” and “*Is this loan going to help me with working capital as well as payroll expenses?*”

**Can you have more than one SBA loan at one time? What about a Paycheck Protection Program loan and an SBA Economic Injury Disaster Loan (EIDL) – can I have both of those at the same time?**

In general, yes. You can obtain and retain more than one of these loans, as long as the loans are used for different purposes. For example, you could use an EIDL for operating expenses and rent, and a PPP loan to cover payroll. You cannot use this program alongside some tax credits, such as the [Employee Retention Tax Credit](#) and the [tax credit](#) for paid sick and family leave provided under the [Families First Coronavirus Response Act](#).

**Will a personal guarantee be required on my loan?**

SBA loans, as well as most under loans, will require a personal guarantee. The PPP does not have such a requirement.

**Are any of the SBA loans available to political subdivisions or quasi-public entities?**

For SBA loans, these entities will not typically be classified as a small business concern so they may not qualify. 501(c)(3)s may be eligible. Organizations that receive federal funds will not qualify for the Paycheck Protection Program. For political subdivisions and others, there is additional funding under the CARES Act that could be an option for these entities.

**PAYCHECK PROTECTION PROGRAM (PPP)**

***Eligibility***

**How do I know if I meet the 500 threshold?**

The 500 employee count is all employees – full-time and part-time. Businesses in certain industries can have more than 500 employees if they meet [SBA size standards](#).

**If you have closed already, can you reopen and get a PPP loan?**

Yes, you just have to rehire your employees.

**What if I’m an employer that is still shut down and I get this loan? Do I still need to pay my employees?**

Yes, the loan forgiveness provision just looks at whether you were paying your employees for 8 weeks after the loan was originated.

**Will businesses have to demonstrate a negative economic impact from this pandemic to qualify for the PPP loan or forgiveness?**

The PPP application asks the borrower to certify that the current economic uncertainty makes this loan request necessary to support their ongoing operations. Additional documentation to demonstrate a negative impact is not required.

**If you filed a Payment Protection Program loan for your LLC (S Corp), can the owner of the LLC also file for unemployment?**

Under the current guidance, no.

**Can an LLC partnership that files as a K-1 use a rolling year, rather than the 2019 calendar year, for the gross payroll calculation?**

Yes, you can. An applicant can use the fiscal year instead. Please note that if you are a partnership, you do have to file a single application. More information can be found in the [federal guidance](#) released April 14.

***PPP Loan Calculation & Process***

**Which 12 months of payroll should I use when calculating my loan amount – the 12 months of 2019, or the most recent 12 months?**

Borrowers can calculate their payroll costs using information from either the previous 12 months or from calendar year 2019. Seasonal businesses may use average monthly payroll from the period between February 15, 2019 or March 1, 2019 and June 30, 2019.

**How does a business that opened in 2020 calculate payroll?**

Applicants that were not in business from February 15, 2019 to June 30, 2019 may use average monthly payroll costs from January 1, 2020 – February 29, 2020.

**If someone makes over \$100,000, does that mean a loan applicant does not include their benefits (e.g. health, retirement) in the loan calculation?**

The exclusion of compensation in excess of \$100,000 only applies to cash compensation. It does not apply to non-cash benefits including employer contributions to retirement plans, group health care coverage, including premiums, and payment of state and local taxes on compensation.

**As an employer, does it make a difference if I pay a salary to my employees and not hourly wages?**

The loan calculation, as well as the forgiveness formula, are based on wages paid total – regardless of how employees are paid.

**If my PPP was denied by one bank, can I go to another banker to consider my application?**

The application states an applicant certify that they only apply for one PPP loan. As long as a loan number has not been issued in the SBA E-Tran Electronic Loan Processing system, you could withdraw your application and try to apply at another bank.

**If I'm a restaurant owner, how do I calculate server wages and tips?**

Any wages paid are going to be included in the loan amount. The CARES Act provided for inclusion of reported tips in the compensation calculation to be included in the calculation of compensation, as well as the loan forgiveness component.

***PPP Loan Forgiveness***

**Are the salaries of 1099 employees eligible to be covered by the PPP loan?**

A company could pay 1099 contractors with a PPP loan, but wages paid to 1099 employees are not a forgivable expense under this program. Independent contractors can apply for a PPP loan on their own as a 1099.

**Can an employer use money from a PPP loan for sick leave pay mandated under the Families First Act?**

No, the sole source for reimbursement of the paid sick leave is the tax credit provided for in the Families First Act. The IRS has made advance tax credits available.

**Does the 8 weeks of coverage under the Payroll Protection Plan start once your loan is originated or back on March 16th?**

Loan amounts will be eligible for forgiveness for expenses over the 8-week period *after* the date of the loan.

**If I had to lay off an employee, and then I decide to fill that position, do I need to rehire the same employee?**

Loan forgiveness is tied to the position, not the person.

**I had to lay off employees. If I hire them back, will I still be able to receive forgiveness on the loan amount?**

If an employer does not maintain staff and payroll, forgiveness will be proportionally reduced based on a formula. It is a two-part test. First, your loan forgiveness will be reduced if you decrease your full-time employee headcount. Second, the salary reduction is triggered if wages are reduced by more than 25 percent for employees making less than \$100,000.

However, workers that are rehired can remediate this penalty. If borrowers rehire workers that were laid off due to the coronavirus, they will not have their loan forgiveness reduced – so long as the workers are rehired during the covered period of the loan.

**Will the forgivable loans (grants) be taxable?**

No.

**What documentation is required for my loan to be forgiven?**

Your lender will provide you with specifics on what documentation will be required. As a general guideline, you would submit payroll records over the covered period (8 weeks following loan) and [documentation for business expenses](#), such as rent, mortgage interest, utility payments.

**If I can't fill my positions, can I use the PPP funds for other expenses?**

Yes, you can – but that portion of the loan will not be entirely forgiven.

**Can borrowers request loan disbursement be postponed?**

Under the current guidance, lenders must disburse loan within 10 days of approval.

**Is there a definition for full-time employee, is it 32 hours or 40 hours worked?**

The Fair Labor Standards Act (FLSA) does not define full-time employment or part-time employment. This is a matter generally to be determined by the employer. There are multiple definitions for full-time employee, based on definitions from the IRS, Families First Coronavirus Response Act, and the CARES Act, as well as the Affordable Care Act. Under current guidance, borrowers are advised to consider employees working at least 30 hours per week, or 130 hours a month, as full-time employees.

**If I'm self-employed and have no employees, am I still eligible for the PPP?**

Yes. If you have no employees, you would use your 2019 IRS Form 1040 amount and any amounts exceeding \$100,000 would not be included. A specific formula is available in the [federal guidelines](#) released April 14.

**SBA Loans – Economic Injury Disaster Loan (EIDL)**

**When can one expect to receive funding from an SBA Economic Injury Disaster Loan (EIDL)?**

An applicant first enters Phase I, which defines eligibility. Once an applicant has been declared eligible, they enter Phase II when they provide documentation. Typically, 30-45 days is when an applicant can expect disbursement of funds – but that could be delayed due to demand. Simply filling out an application for a loan does not mean that process is complete.

**Can I use the EIDL program to pay off the balance of my PPP loan?**

Not under current guidance.

**What criteria is used to determine the final loan amount for the EIDL?**

There are two components to EIDL assistance. For the emergency grant component, \$1,000 is available per employee, up to \$10,000. For the overall loan, SBA has not released a formulaic calculation.

**Loan Portfolio Guaranty Program (State-Backed Program)**

**Are there restrictions on what I can use this loan for?**

This program is geared towards smaller business owners impacted by COVID-19 who need help continuing operations. The loan can be used for everything from the expenses associated with keeping a business functioning to complying with state executive orders and maintaining payroll.

**Is there a minimum loan amount under this program?**

The minimum is \$10,000 and the maximum is \$100,000.

**For more information, please visit [www.gnoinc.org/coronavirus](http://www.gnoinc.org/coronavirus).**