

INFORMATION UPDATE

UPDATED 4/3/20

INCLUDES PPP GUIDANCE
ISSUED ON 4/2/20

BUSINESS BRIEFING

What you need to know about the
CARES Act. Today.

April 2, 2020



**Governor
Doug Burgum**



**Michelle Kommer,
Commerce
Commissioner**



**Al Haut,
U.S. SBA
District Director**



**Jon Godfread,
Insurance
Commissioner**



**Bryan Klipfel,
Executive Director
Job Service
& WSI**




**Arik Spencer,
President & CEO
Greater ND
Chamber**



DISCLAIMER

This presentation is NOT all-inclusive of all federal stimulus aid. The information you receive today does not serve as legal or financial advice. You should consult with your financial advisor before making any decisions regarding your business. At this time, final guidance has not been issued, and many questions of implementation remain unanswered.

4/2/2020



TODAY'S GOAL

The goal today is to make you aware of the new financial resources you might consider – NOT to help you choose a course of action. This decision should be made in consultation with your financial advisor.



ASK QUESTIONS

SUBMIT YOUR QUESTIONS TO
businesshelpCOVID19@nd.gov



Share

This recording and materials will be available for later use. Please spread the word to North Dakota businesses through your social media, business and trade groups, and other ways.

A nighttime photograph of a tall, multi-story building with many lit windows, standing next to a large, dark statue of a person in a long coat. The sky is a deep blue, and the scene is illuminated by streetlights and building lights.

#InThisTogetherND

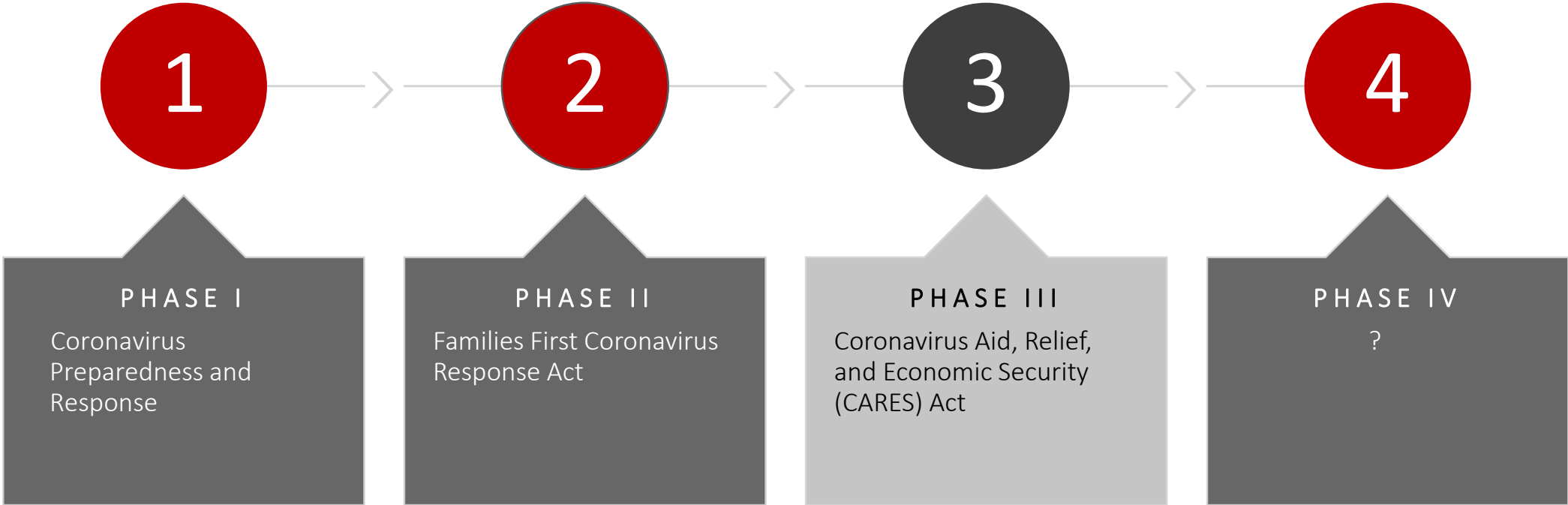
Tag us at @CommerceND and @KommerMichelle

AGENDA

- Stimulus Package Overview
- Focus:
 - Coronavirus Families First Response Act (CFFRA)
 - Economic Injury Disaster Loan (EIDL)
 - Paycheck Protection Program (PPP)
 - Expanded Unemployment
 - Direct Payments
- Scenarios
- Closing Remarks



STIMULUS PACKAGE OVERVIEW







FAMILIES FIRST CORONAVIRUS RESPONSE ACT (FFCRA)

- Emergency Family and Medical Leave Expansion Act
- Emergency Paid Sick Leave Act
- Tax Credits for Paid Sick Leave and Paid FMLA
- Emergency Unemployment Insurance Stabilization and Access Act of 2020

FFCRA NOTICE REQUIRED



CARES Act (selected sections)



TODAY'S FOCUS

- Economic Injury Disaster Loans
- Paycheck Protection Program
- Expanded Unemployment
- Direct Individual Payments



EIDL


ECONOMIC INJURY
DISASTER LOAN

EIDL OVERVIEW

- Loans for small businesses made between 2/15/2020 and 12/31/2020
- Includes \$10,000 EMERGENCY Advance
- Apply online at covid19relief.sba.gov
- Direct loan from SBA
- May be used to pay for business expenses that cannot be paid due to COVID-19, such as:
 - Payroll (not covered by PPP)
 - Accounts payable
 - Existing Loan payments
 - Real estate payments
 - Many other...

EIDL ELIGIBILITY

- All small businesses are eligible, including startups, non-profits, sole proprietors, independent contractors, cooperatives, ESOP's with < 500 employees
 - *Some exceptions apply*
- Business does NOT need to be operational one year before the disaster
- Loan offered based on credit score



EIDL LOAN AMOUNT AND TERMS

- Up to \$2,000,000
- Up to 30 year term
- No personal guarantee on loans <\$200,000
- 3.75% interest rate for small businesses
- 2.75% rate for nonprofits
- SBA will place lien on assets of the business
- Personal guarantee for owners of >20% of the business, managing members of LLC's and managing partners of LP's



EIDL LOAN REQUIREMENTS

- Can be refinanced into a PPP loan, by adding the outstanding amount to the “payroll” sum
- The application process is live!
- Expected timeline is 2-3 weeks plus an additional 5 days for funding
- There is no obligation to accept the loan if you qualify
- The SBA typically allows 60 days to accept, with extensions typically available

PPP

PAYCHECK PROTECTION
PROGRAM



PPP OVERVIEW

- Loans for small businesses made between 2/15/2020 and 6/30/2020
- DELIVERED THROUGH qualified LENDER
- Completely guaranteed by federal government
- May be used to pay for:
 - Payroll
 - Group health care benefits during periods of sick, medical, or family
 - Insurance premiums, employee salaries, commissions or similar compensation
 - Interest on mortgages
 - Rent, utilities, interest on any other debt incurred before the covered loan period
- Forgivable upon meeting certain conditions

PPP ELIGIBILITY

- Expands definition of small business to “not more than 500 employees”
- Allows businesses with more than one physical location that employs no more than 500 employees per physical location engaged in hospitality and restaurant industries to be eligible
- Establishes loans eligibility for sole-proprietors, independent contractors, and other self-employed individuals
- Must not have an application pending for a loan duplicative of the purpose and amounts applied for; from Feb. 15, 2020, to Dec. 31, 2020, the borrower has not received a loan duplicative of the purpose and amounts applied for with the Paycheck Protection Program

PPP LOAN AMOUNT AND TERMS

- Generally determined to be 250% of average monthly payroll (or 8 weeks payroll x .25%)
- Maximum of \$10M
- Waives
 - Borrower and lender fees
 - “Credit elsewhere” test
 - Collateral and personal guarantee
 - Prepayment penalties
- Maximum interest = 1%
- Term = 2 years
- Deferment of loan payments permitted for at least 6 months and not more than a year
- No collateral or personal guarantee



PPP LOAN REQUIREMENTS

- Loan necessary due to uncertainty of current economic conditions
- Funds will be used to retain workers and maintain operating costs
- No application pending/no duplicative funds for same use from another SBA program

PPP LOAN FORGIVENESS

“This gets very tricky, because the forgiveness section uses the term ‘covered period’, but defines it differently than the loan amount section. It is the eight-week period beginning with the origination of the loan.”

Peter J. Reilly, Forbes, March 28, 2020



PPP LOAN FORGIVENESS

- Forgiveness amount = allowable expenses during “covered period” (covered period is 8 weeks after origination date)
- Forgiveness amount = the sum of all payroll costs, payments of interest on covered mortgages, payments on covered rent obligations, and covered utility payments between 2/15 and 6/30/2020
- Amount forgiven MAY NOT exceed the principal amount of the loan
- Amount forgiven reduced based upon decreases in the # of employees and employee salaries with re-hire exemptions
- Amounts forgiven are not included in borrowers taxable income



EMPLOYERS TAKE NOTE – INSURANCE COVERAGE

- See Bulletin 2020-8
- Contact your insurance carrier
- There may be flexibility to allow coverage



EXPANDED UNEMPLOYMENT INSURANCE & BENEFITS

Relief for Workers Affected by Coronavirus



ADDITIONAL BENEFITS

- Effective through 12/31/2020
- Must certify unavailability to work because of circumstance caused by COVID-19 (not eligible if telework or paid leave benefits are available)
- Covers those not typically covered by regular unemployment, such as self-employed, independent contractors, gig workers
- Adds 13 weeks on to state unemployment benefits for maximum of 39 weeks (including any weeks for which the covered individual received regular UI benefits)
- Additional \$600/week through July 31st ; no waiting week



EXAMPLES

UBER DRIVER

Works as an independent contractor

Must provide proof of past earnings – most likely tax documents

Example - \$40,000 annual earnings-
\$769/week

- \$384/week:
 - Regular UI
- \$600/week:
 - Automatically added through July 31, 2020
- \$984/week total:
 - [Regular UI + Pandemic UI coverage]



PLUMBER – SELF EMPLOYED

Offers services to the public

Must provide proof of past earnings –
most likely tax documents

Example - \$60,000 annual earnings -
\$1,154/week

- \$576/week:
 - Regular UI
- \$600/week:
 - Automatically added through July 31, 2020
- \$1,176/week total:
 - [Regular UI + Pandemic UI coverage]





DIRECT PAYMENTS



PAYMENTS TO INDIVIDUALS

- \$1,200 for individuals
- \$500 for dependents under age 17
- Income limitations apply

SCENARIOS



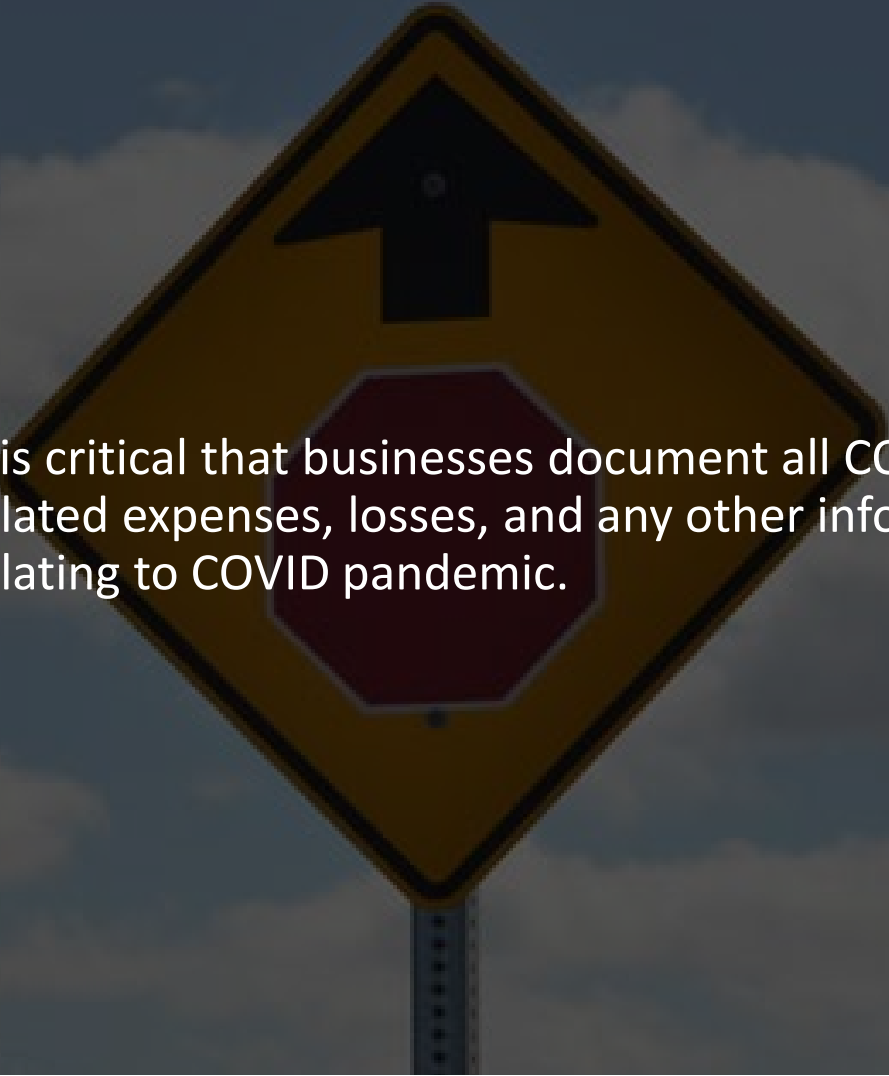
A night photograph of a tall, multi-story building with many lit windows, standing against a dark blue sky. In the foreground on the right, a large, dark statue of a person in a long coat is visible. The scene is illuminated by streetlights, creating a warm glow. The text "PUTTING IT TOGETHER" is overlaid in white, sans-serif font across the center of the image.

PUTTING IT TOGETHER

RECOMMENDED RESOURCES

- [NDresponse.gov](https://ndresponse.gov) (Select “Business and Employers”)
- USChamber.com
- NDchamber.com
- [North Dakota Small Business Development Center](#)
- [SCORE Mentors](#)
- [ND Women’s Business Center](#)
- [Veteran’s Business Outreach Center](#)

DOCUMENT
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It is critical that businesses document all COVID-related expenses, losses, and any other information relating to COVID pandemic.



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IN CLOSING

More to come – implementation resources and guidance are developing.

THANK YOU

