



Covid-19 Resources

FAQs – April 6, 2020

Getting you the answers to the many questions related to Covid-19 and its impact to you is our first priority. Things continue to change very quickly, and we have little time to analyze updates before new and sometimes contradictory information becomes available. We are working as quickly as we can to understand all that is taking place and going to the source for the answers. Our goal is to get you answers and information that is in **your** best interest and not get waylaid with distractions.

Below are the FAQs as of Monday, April 6, 2020.

UPDATES ON THE EIDL & PPP LOANS

Q1 – Do I apply for the PPP loan now or wait to file later?

Answer - If you wait to file, there is a risk that the funds will not be available. Congress and Treasury have indicated that if that is the case there will be another round of stimulus packages / assistance. But how and when, we don't know. If you wait to file and funds are available, then you may have a loan that may be forgiven in part or whole if used to pay your employees and certain other expenses for the 8 weeks following your loan origination.

If you file now, you will receive the funds and perhaps have them before you need them. You can certainly use some of them to pay yourself and the employees that are working plus 25% can go to non-payroll expenses. But, in short you would likely not get full forgiveness of the loan.... But you would have the money at low interest rates. If you end up not using the funds, you can pay it back and you are only out the interest expense.

Have you run the calculation to see how much PPP Loan you qualify for? Perhaps the dollar amount will help you make the decision.

Q2 – If I am applying for / received an Economic Injury Disaster Loan, am I eligible to participate in the Paycheck Protection Program?

Answer - Borrowers can apply for both an SBA Economic Injury Disaster Loan and the Paycheck Protection Program loan. However, the Paycheck Protection Program loan funds and the Economic Injury Disaster Loan funds cannot be used for the same purpose. The Paycheck Protection Program loan must be used for payroll (minimum of 75% of the funds received) for it to be eligible for a forgivable loan and the remaining is used for different purposes. Borrowers who accept both loan funds should document the uses of the funds fastidiously. We recommend setting up separate checking accounts for each loan to help in the record keeping process.

If your Economic Injury Disaster Loan was not used for payroll costs, it does not affect your eligibility for a Paycheck Protection Program loan.

If your Economic Injury Disaster Loan was used for payroll costs, your Paycheck Protection Program loan must be used to refinance your Economic Injury Disaster Loan. The Paycheck Protection Program's maximum loan amount is \$10 million with a fixed 1% interest rate and maturity of two years. Economic Injury Disaster Loan assistance provides up to a \$2 million loan per business and are long-term, low-interest rate at 3.75% for businesses.

Any advance up to \$10,000 on the Economic Injury Disaster Loan will be deducted from the loan forgiveness amount of the Paycheck Protection Program loan.

For example, a borrower may obtain a loan from the Paycheck Protection Program and use those funds to pay for 8 weeks of payroll or employee retention. They may wish to then dedicate their entire EIDL funds towards working capital, notes payable and accounts payable that do not duplicate the funds provided through the Paycheck Protection Program. If the EIDL loan was used for payroll expenses, the borrower must refinance the EIDL loan with the PPP loan which carries a lower interest rate as well as a shorter maturity period.

Q3 - Do I have to choose one loan over the other?

Answer - Select the loan program that best meets your individual business needs; however, you are not permitted to hold funds from both programs for the same purpose.

The PPP loan has different terms from the EIDL loan. The Paycheck Protection Program's maximum loan amount is \$10 million with a fixed 1% interest rate and maturity of two years. Although the amounts received for individual borrowers is topped out at 2.5 x average payroll costs.

Economic Injury Disaster Loan assistance provides up to \$2 million loan per business and are long-term, low-interest rate at 3.75% for businesses.

The application period for PPP loans runs through June 30, 2020, but the EIDL application period runs through December 2020. If you have working capital needs beyond what is provided by PPP, you can apply for additional assistance through the EIDL program.

If you are applying for both, you can accept PPP first – then decide whether to close on your EIDL approved loan. An EIDL approved loan may be closed within 60 days, and the borrower can choose whether to close on the loan. The EIDL application period runs through Dec. 2020.

Q4 – Do we have an update on when we can file for the PPP Loan?

Answer: Filing is dependent on when your bank is ready to accept the applications. Some banks are already accepting. Some have had to limit applications due to the volume received and others have staggered the timing based on type of business. We encourage you to reach out to your bank ASAP.

Q5 - Should I apply through multiple banks?

Answer - No, as part of the application you must certify that you do not have any other pending applications for this program.

Q6 - My business opened during 2019, what numbers do I use?

Answer - For new businesses (that were not in business from 2/15/19 – 6/30/19), average monthly payroll may be calculated using the time period from 1/1/20 to 2/29/20.

Q7 - What is my business type?

Answer - You will find this on your tax return:

- Schedule C (form 1040) – Sole proprietor or LLC if you have organized an LLC under state law.
- 1065 – Partnership
- 1120S – S corporation
- 1120 – C corporation

Q8 - What do I list for the number of employees?

Answer - We don't know. We think it should be FTE's (Full Time Equivalent); however, we think banks will just be counting W-2s. Because the 2019 number shouldn't directly impact the forgiveness calculation, we expect you will use the 2019 number of W-2's just so that it makes the loan application process go smoothly. This would include spouse and other related party W-2s. We think this is just to verify that the number is 500 or less. Please ask your lender what number they expect should be used.

OTHER QUESTIONS

Q9 – Are the Delta Dental Financial Support Programs still available?

Answer - Applications for the Delta Dental of Washington Independent Dental Practice Reimbursement Advance Program (RAP) and the DDWA Independent Dental Practice Assistance Fund (PAF) are due April 15. Learn more about programs, and complete the application, at DeltaDentalWA.com/Provider.

Q10 – How do I handle the employee's portion of their health/dental/AFLAC insurance premium?

Answer: 1st – Check with the insurance company as they may have specific rules you must follow. 2nd – we always recommend you talk with your HR attorney or HR company. Beyond that, we are seeing some offices pay 100% of the premium. Others continue to pay the premium but inform the employee of the amount they should reimburse to the practice. This might be done by the employee writing a check to the practice or perhaps you can agree to a repayment schedule once they are back in the office.

Dental Group, LLC - We will be working both in the office and remotely in the coming weeks. Our meetings will be done via teleconference and or online collaboration. If you plan to drop off tax documents, please call ahead to coordinate a time when we will be in the office as there is no safe place to leave documents at the door.

Our focus in the coming weeks will be on finishing tax returns such that if a refund is due to you, we can get that as quickly as possible; we are of course continuing to monitor developments so that we can be a resource to you in making decisions relative to your practice and personal finances.

If you have any questions, please do not hesitate to contact us directly at (425) 216-1612.