

Questions Matrix: CARES Act Paycheck Protection Program SBA Loans

*Overview, Application, Interim Final Rule, and FAQs: <https://home.treasury.gov/policy-issues/top-priorities/cares-act/assistance-for-small-businesses>

*Faith-Based Organization Exemption to Affiliation: <https://home.treasury.gov/system/files/136/SBA%20IFR%202.pdf>

*Find lenders: http://cdn.fedweb.org/fed-42/3082/2020_COVID_SBA_Loans_Lenders.pdf?v=1585867615

Questions for	Your lawyer	Your lender	Your CFO	Notes
Am I eligible?	<p>Can we make a good faith certification that current economic conditions makes the loan necessary to support ongoing operations?</p> <p>Are we compliant with all acts, laws, and regulations cited in the application?</p> <p>Are we affiliated with any other entity that would not fall under the faith-based organization exemption here?</p>		<p>Can we make a good faith certification that current economic conditions make the loan necessary to support ongoing operations?</p>	<p>Consult your by-laws to find the process for Board approval of loans, if needed</p> <p>Have we completed our ethical analysis regarding the sources and use of these monies?</p>
What is the cost?	<p>What are the legal costs through executing the loan agreement and disbursement?</p> <p>What other legal costs could we incur?</p>	<p>Are there any other costs associated with this loan?</p>	<p>Can we cover the principal and 1% interest with a 6 month deferral, if part of the loan is not forgiven? There are no prepayment penalties.</p>	<p>Interest rate is 1% and paid by SBA if the loan is forgiven. Lenders cannot collect any fees from applicants and they will pay any fees for an agent (person who applies for the loan for your agency).</p>
How much should I borrow?	<p>What are the risks / implications to the agency if part or all of the loan is not forgiven?</p>	<p>If any part of the loan is not forgiven, will you work with us to restructure payments, if needed?</p>	<p>Given the loan use restrictions, how much should we borrow?</p> <p>What staff rehiring or salary restoration can our operations sustain given the forgiveness amount will decrease otherwise?</p> <p>Do we have or can we raise funding for gap payments that the loan does not cover that will allow us to borrow more?</p>	<p>75% of loan is used for payroll, 25% can be used for mortgage interest, rent, and utilities.</p> <p>Loan forgiveness will decrease with decreases in wages and head count.</p>

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<i>Who should I borrow from?</i>	If using a new lender, are there any conflicts of interest?	Are you a certified SBA lender? If not, they can apply here .	Which of our banking relationships is the strongest (e.g. where do we keep most of our money or where do we know someone well)?	Due to the expected number of applications, it is suggested that you work with the bank that has the greatest vested interest in your continued work. If you do not have a banking relationship, you can find a lender here or here . Some agencies have had more success working with smaller lenders.
<i>When should I apply?</i>	How soon can we get necessary documents ready?	How long will it take for loans to be distributed?		Due to the expected number of applicants, the SBA suggests that you apply as soon as possible.
<i>How do I apply?</i>		What documents do I need? Lenders must verify that you were operating on Feb 15, 2020; that you have paid employees and payroll taxes; and what your average monthly payroll cost is. Additional documents may be required.		The application form can be found here .
<i>Other loan restrictions</i>	What are our current procurement processes that may need to be changed to comply with the certification that “To the extent feasible, I will purchase only American-made equipment and products.”		What are the financial implication of procuring American-made equipment and products?	