



## COVID-19 Business Relief for Outfitters Payroll Protection Program FAQ's

### SBA Paycheck Protection Program

[PPP Application Form](#)

#### **Who qualifies for loan forgiveness with PPP Loan?**

The Paycheck Protection Program is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll. This program is for any small business with less than 500 employees (including sole proprietorships, independent contractors and self-employed persons), private non-profit organization or 501(c)(19) veterans organizations affected by coronavirus/COVID-19.

The loan will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities (due to likely high subscription, at least 75% of the forgiven amount must have been used for payroll).

Source: [SBA Paycheck Protection Program Overview](#)

#### **Is it better to lay off employees and let them collect unemployment or to keep them on and get the loan with forgiveness?**

Depending on your operation, you will have to likely work with a professional to make these calculations. Those eligible for unemployment will be collecting \$600 a week above their regular unemployment check. Those additional funds will carry through for four months.

The CARES Act is designed to keep people employed and off unemployment. It is designed to incentivize employers to keep people on the payroll by forgiving the loan if 75% of employees are maintained. There are calculations regarding seasonality, and full-time equivalent employees, however, that affect both the amount of the loan and then amount available for forgiveness.



**What if I already laid off employees? Am I still eligible for the loan forgiveness if I hire them back?**

Borrowers that rehire workers previously laid off will not be penalized for having reduced payroll at the beginning of the period. The law is intended to encourage employers to bring employees back on payroll once they receive the loan. The law gives you until the end of your 8-week forgiveness window.

Source: [CEDR HR Solutions](#)

**Will the loan cover payroll, property taxes, insurance, utilities, equipment and supply purchases? Will the entire amount of these expenses be forgiven?**

The loan will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities (due to likely high subscription, at least 75% of the forgiven amount must have been used for payroll).

Source: [SBA Paycheck Protection Program Overview](#)

**Can you explain how the reduction of the forgivable part of the PPP loan works for a seasonal business that needs to hire new employees each season? Will we have a reduction due to an inability to hire seasonal employees due to employees no longer being available?**

Loan forgiveness is for payroll and other items (up to approximately an additional 25%) and is for the eight-week loan period. The amount of the loan you are eligible to apply for would be 2.5 times your average monthly payroll between February 15 and June 30. At this point there is not seasonal flexibility. There is room for the SBA to interpret this section into some seasonal flexibility as they implement the law.

**How are guides that have a variable amount of weekly work, especially in the shoulder seasons, calculated and treated as far as FTE employees and the reduction in forgiveness?**

PPP may be used to pay employees regardless of their status, full-time, part-time, or seasonal. To calculate the loan, you will need to figure out how many full-time equivalent employees you have. For example, if you have four guides that work full time for three months, that would be the equivalent of one full-time employee. If you have a year-round employee working 30 hours a week, that is  $\frac{3}{4}$  of an FTE.

**What programs can be combined with the PPP? In other words, if you do the PPP what else can you apply for?**

Operators who apply for the PPP are also encouraged to apply for an Economic Injury Disaster Loan (EIDL). This is a low interest loan that you will have to repay. You may apply directly through the SBA website <https://covid19relief.sba.gov/>.

Some of your losses are best covered by a PPP loan, especially those that are forgivable. Some losses are best covered by a low-interest EIDL loan. In addition, the government will provide applicants with a \$10,000 advance that will be given in three business days and does not have to be repaid.



**When coming up with the loan forgiveness amount of reduction there are three options, Option 1 (previous 12-month payroll costs to determine an average monthly payroll cost), Option 2 (Jan 1 - Feb 29, 2020), or “For Seasonal Employers” (Feb 15-June 30, 2019). Do we get to pick the option “for seasonal employers” or does it get picked for us? If I’m a seasonal employer can I pick option 1?**

The borrower may choose which option to use to calculate. Given the constraints on the season, some operators may be better off finding a 12-month average rather than a four-month average. In the case of an applicant that is seasonal employer, as determined by the Administrator, the average total monthly payments for payroll shall be for the 12-week period beginning February 15, 2019, or at the election of the eligible recipient, March 1, 2019, and ending June 30, 2019.

Source: [CARES Act](#), page 18

**If my business pays me rent for a home office, do I need a lease to qualify for the rent forgiveness?**

The loan can be used for rent, under lease agreements in force before February 15, 2020

Source: [PPP Information Sheet for Borrowers](#)

**Do I need to have the same employees in place before February 15 as thereafter? Is this about the specific employees or the number of employees?**

There are job protections in the Act. If an employee cannot return or refuses to return, you can hire someone else and that would count towards your forgiveness amounts.

Source: [CEDR HR Solutions](#)

**Can PPP be used for spring expenses to open for the summer season? In normal cash flow years, the trip deposits in April/May fund the property and vehicle maintenance required to start operations annually.**

A PPP loan may be used to cover payroll, employee benefits, mortgage interest, facility rental, and utilities. An EIDL loan may be able to cover additional expenses, but it is not forgivable beyond the initial \$10,000.

**If I wait until May 1st to receive my PPP loan is there a chance the program will run out of money?**

According to the U.S. treasury department, there is merit in applying sooner rather than later. To do so you will have to be able to project losses. From U.S. Treasury: “Although the program is open until June 30, 2020, we encourage you to apply as quickly as you can because there is a funding cap and lenders need time to process your loan.”



**How do I apply? Does the application process take place through a local bank?**

You can apply through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating. Other regulated lenders will be available to make these loans once they are approved and enrolled in the program. You should consult with your local lender as to whether it is participating in the program.

Source: [SBA Paycheck Protection Program \(PPP\) Overview](#)

**If no, is there a process to find a contact person within the SBA to deal with?**

If you are unsuccessful working with local lenders, you can also start the process through the SBA's website [here](#).



## SBA Economic Injury Disaster Loans

[Application form](#)

**On an SBA economic disaster loan, what is the turnaround time on getting payment?**

In response to the Coronavirus (COVID-19) pandemic, small business are eligible to apply for an Economic Injury Disaster Loan advance of up to \$10,000. Funds will be made available within three days of a successful application. This loan advance will not have to be repaid.

Source: [SBA Disaster Assistance in Response to the Coronavirus](#)

**Are there parts of the Economic Disaster SBA loans that can be forgiven? If yes, which parts?**

The \$10,000 loan advance will not have to be repaid.

Source: [SBA Disaster Assistance in Response to the Coronavirus](#)

**Will one be able to get the SBA economic disaster loans through their banker, like the PPP loan?**

Application for the SBA Economic Injury Disaster Loans is done through the SBA website. You can apply online: <https://covid19relief.sba.gov/>

