



Perspective on the State of Hawaii's Implementation of PPP, EIDL, & PUA

Webinar - April 17, 2020
Handout with Appendix A & B



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CARES Act: Perspectives on the Implementation of PPP, EIDL, and PUA
 Presentation to Hawai'i Association of Realtors®
 April 17, 2020

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CARES Act

- Coronavirus Aid, Relief and Economic Security Act ("CARES Act")
 - PPP = "Paycheck Protection Program"
 - EIDL = "Economic Injury Disaster Loan"
 - PUA = "Pandemic Unemployment Assistance"

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Paycheck Protection Program (PPP)

- \$349B in forgivable loans to small businesses
- Must use to cover costs including payroll and rent
- Low interest rate (1%)
- Full principal amount of loan may qualify for loan forgiveness if borrower maintains/rehires staff and maintains compensation levels.
- Not more than 25% of loan forgiven may be attributable to non-payroll costs

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PPP (cont'd)

- Loan payments will be deferred for six months
- No collateral or loan guaranties required
- Small businesses only: in operation on 2/15/20; 500 or fewer employees

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PPP (cont'd)

- Includes self-employed individuals, sole proprietorships, and independent contractors
- PPP loans available through June 30 or until funds run out
- Forgivable loans may pay up to 8 weeks of payroll costs (including benefits) and certain other costs.

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PPP (cont'd)

- Can be used for employee salaries under \$100,000, paid sick or medical leave, insurance premiums, and mortgage, rent and utility payments.

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PPP (cont'd)

- Must submit documentation, such as but not limited to payroll processor records or payroll tax filings
- Lenders may accept e-signatures and e-consents
- Lenders not liable for borrower's fraudulent or inaccurate information.

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PPP (cont'd)

- Requirements for loan forgiveness:
 1. Funds must be used for "allowable uses" by 06/30/20
 2. "Allowable uses" = payroll costs (not over \$100K/yr.), mortgage interest, rent, utilities
 - Certain exclusions, e.g., employer's share federal payroll taxes, etc.

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PPP (cont'd)

3. No more than 25% of forgiven amount used for non-payroll costs
4. Must maintain average number of full-time equivalent employees in the 8-week period following fund disbursement
5. No pay reductions of more than 25% for each employee under \$100K/year

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Economic Injury Disaster Loan (EIDL)

- Loan
 - Up to \$2M
 - Low interest rate (3.75% small business)
 - Up to 30-year term

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EIDL (cont'd)

- Compared with PPP
 - Broader purposes allowed than under PPP
 - Higher maximum loan amount possible than under PPP
 - Available until 12/31/20 vs. 6/30/20 for PPP

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EIDL (cont'd)

- Qualifying borrowers
 - Less than 500 employees
 - Sole proprietors
 - Any business operating as of 1/1/20
 - No personal guarantee
 - Loan approval may be based solely applicant's credit score
 - Tax return may not be required

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EIDL (cont'd)

- Emergency EIDL grant
 - \$10K advance, forgivable even if applicant denied a loan
 - PPP loan forgiveness reduced by amount of EIDL grant

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EIDL (cont'd)

- Permitted uses
 - Sick leave for employees unable to work because of COVID-19 illness
 - Maintaining payroll to retain employees
 - Paying increase costs due to interrupted supply chains
 - Paying rent or mortgages

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EIDL (cont'd)

- Available up through December 31, 2020
- Bridge loans available while PPP or EIDL applications pending
 - From lenders with existing banking relationship
 - Up to \$25K
 - Term loan up to 7 years

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EIDL (cont'd)

- Bridge loans (cont'd)
 - Maximum rate of 6.5% over prime (plus limited loan fees)
 - No collateral
 - Subject to lender's standard underwriting process
 - Loan to be used exclusively for working capital to support survival of business

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Pandemic Unemployment Assistance (PUA)

- Expands unemployment benefits to previously uncovered persons, including among others:
 - Self-employed
 - Independent contractors

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PUA (cont'd)

- Self-certification that unable to work due to listed COVID-19 related reasons, including:
 - Person or household member diagnosed with COVID-19
 - Can't work because of quarantine
 - Had to quit job or can't work because of COVID-19

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PUA (cont'd)

- Benefit payments are retroactive
- Eligible self-employed workers get \$600/week (through July 31, 2020) plus half the average unemployment benefit in their state
- Note: Real estate licensees do **not** have to put their licenses on inactive status to qualify

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PUA (cont'd)

- No one-week wait
- CARES provides up to 39 weeks of state PUA benefits through December 31, 2020

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Appendix A - Q&A
Appendix B - Hot Topics

See attached

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CARES Act

Questions?

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APPENDIX A

Q&A

How does a Realtor apply for PUA unemployment?

Currently unclear but developing. To receive federal Pandemic Unemployment Assistance (PUA) unemployment insurance benefits provided under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, you need to file a claim with the unemployment insurance program in the state where you were working because it is dispensed through the states, which can choose to implement the support differently.¹ The Hawaii Department of Labor and Industrial Relations (DLIR) webpage states it is still working with the U.S. Department of Labor to establish how the PUA support funding will be administered in Hawaii so that unemployment insurance can cover people who typically do not qualify for unemployment insurance (UI), including those who are self-employed, independent contractors, or gig workers, and others. The DLIR says it will provide more information when available.²

In the meantime, we recommend that filing a regular unemployment claim with the Hawaii DLIR's unemployment office.³ A step-by step description of how to file a claim is available at 808ne.ws/34AhppQ

- Labor Department Director Scott Murakami asks PUA applicants to wait until they get PUA guidelines in place. ““We are still trying to determine how we’re going to run 'PUA' or the Pandemic Unemployment Assistance program. We did get guidance form the U.S. Department of Labor and we are working our way through that,””
 - Source: <https://www.hawaiinewsnow.com/2020/04/08/unemployment-numbers-surpass-k-mark-due-covid-closures/>
- “The DLIR is in the process of preparing for the availability of these benefit programs. Due to the complexity of the program requirements, this process will take time. As the programs become available, the DLIR will post updates on our website, share through media outlets and social media. Please be patient as we work through the details.”
 - Source: <https://labor.hawaii.gov/cares-act/>
- Link to check the status of your HUI claim: <https://huiclaims2020.hawaii.gov/status>
- How to apply for unemployment insurance: <https://labor.hawaii.gov/ui/instructional-video-for-filing-unemployment-insurance-online/>
- After filing, it’s estimated to take about a month to receive your first payment.
 - Source: <https://labor.hawaii.gov/covid-19-post-filing-information/>

¹ Unemployment Insurance Relief During COVID-19 Outbreak, U.S. Department of Labor, accessed April 15, 2020 at <https://www.dol.gov/coronavirus/unemployment-insurance#how-do-i-apply>

² COVID-19 FAQs, State of Hawaii Department of Labor and Industrial Relations, accessed April 15, 2020 at <https://labor.hawaii.gov/covid-19-eligibility-faqs/>

³ The DLIR does not say this officially but does say that self-employed and independent contractors are eligible for UI. See id.

On 3/30 I applied under HUI claim, 2 claims showing pending... I was on medical All of 2019 with no Real Estate income, will I receive unemployment? How long will it take to receive an unemployment check?

Maybe. It's unclear from the information you provided whether you are still out on medical leave after 2019 or if you have been working or planned to return to work. If you were still unable to work due to medical reasons unrelated to COVID-19, you would not qualify for PUA benefits because they are restricted to those who have become unemployed, partially unemployed, or unable or unavailable to work because of certain health or economic consequences of the COVID-19 pandemic, and not eligible for regular UI.⁴

You would still receive regular UI if you qualify under normal circumstances.

How long will it take to receive an unemployment check?

For unemployed workers, the Hawaii DLIR aims to distribute PUA benefits starting April 22, and you have a better chance of receiving benefits earlier if your claim is more straightforward and you elect to receive via direct deposit rather than a check. The state hopes to start distributing by April 22 the first of many thousands of checks that will include the extra \$600 per week in unemployment benefits that has been promised by the federal government, according to Scott Murakami, state Department of Labor and Industrial Relations director. Murakami told the Senate Special Committee on COVID-19 last week that the state could not immediately begin paying out the weekly \$600 "plus-up" payments because there is no automated system for adding the extra money to the base payments of state unemployment benefits. He noted that they also have a limited supply of checks. Murakami told lawmakers he does not know when all of the state's unemployed workers will actually receive their extra payments, or even how long it will be before each filer gets a base payment, because they have such a big backlog of claims. The first people to see the extra benefit amounts will be people who filed a "clean claim" that could be processed quickly, Murakami said.⁵

For sole proprietors and independent contractors, who typically don't qualify for unemployment insurance, Murakami says that establishing a program has been "a little tricky." The department's "target implementation date" for that is early May.⁶

You can check on the status of your claim through a new web portal launched by the DLIR on April 14, 2020, at 808ne.ws/34AhppQ.

It does not seem fair or right that independent contractors could not be PPP processed until April 10th, while others could start beginning April 3rd... and now rumors are that funding may be depleted. What can be done?

- Since the PPP opened for applications, some banks have already found themselves overwhelmed by businesses seeking funding. Wells Fargo, for example, has already stopped taking new loan requests after reaching its \$10 billion limit. The Federal Reserve

⁴ COVID-19 FAQs, State of Hawaii Department of Labor and Industrial Relations, *supra*.

⁵ State Hopes to Start Giving Our Extra Unemployment Paychecks in a Week. By Kevin Dayton, Honolulu Star Advertiser, accessed April 15, 2020 at <https://www.staradvertiser.com/2020/04/15/hawaii-news/state-hopes-to-start-giving-out-extra-unemployment-payments-in-a-week/>

⁶ The department also has provided a step-by step description of how to file a claim at 808ne.ws/34AhppQ.

is now stepping in to help support the PPP program by making it easier for banks to lend money.

- Source: <https://www.forbes.com/sites/advisor/2020/04/07/everything-you-need-to-know-about-the-paycheck-protection-program/#3e6b7cf732e6>
- Applications for this program are open, but the regulations are still missing, so banks have to make a judgment call on whether to include those expenses or not. Forbes recommends vetting this on the front end: call your bank and get their stance on how much they're going to give you.
 - Source: <https://www.forbes.com/sites/garrettgunderson/2020/04/14/confused-simplifying-the-complexities-of-the-paycheck-protection-program-and-tax-reform/#44a0f3fa65d1>

For loan forgiveness, re payroll percentage. If you are a Realtor, an independent contractor, or have a business that is an LLC, would it make sense to take the % of the money allowable as payroll that can be forgiven and pay yourself first, before the percentage allowed for expenses? How would you do this, to prove that the payroll, which typically is what is left after expenses, is paid to you? Write a check to another account, put in savings, etc.?

- The CARES Act defines payroll costs for sole proprietors and independent contractors as:
 - The sum of payments of any compensation to or income of a sole proprietor or independent contractor that is a wage, commission, income, net earnings from self-employment, or similar compensation and that is in an amount that is not more than \$100,000 in 1 year, as prorated for the covered period.
- The nature of the income that applies to the PPP must be subject to either the payroll tax or self-employment tax. Sole proprietors report their business income and expenses on Schedule C of their individual income tax return, Form 1040. The net earnings from Schedule C, which is found on line 31 of Schedule C, is subject to self-employment tax. **Independent contractors can either report their income on Schedule C or as Other Income on Schedule 1, line 8. As long as the Other Income is subject to self-employment tax, it applies to the PPP calculation.**
 - Source: <https://www.schgroup.com/resource/blog-post/paycheck-protection-program-guidelines-for-sole-proprietors-and-independent-contractors/>
- If you work as a 1099 independent contractor, you are by default considered to be a sole proprietor in the eyes of the IRS. This means your freelance income gets reported annually on a Schedule C within your personal tax return.
- Your salary is most easily determined by looking at the net profit listed on your Schedule C. If you have already filed your 2019 taxes, or prepared a 2019 return, this will be reported on line 31 of the Schedule C. If you have not filed your 2019 taxes, you will still need to fill out a Schedule C in order to qualify for the PPP.

- Source: <https://bench.co/blog/operations/paycheck-protection-program-self-employed/>

NAR's COVID-19 web site page answered a question about applying for Under the CARES act both the SBA PPP/EIDL and unemployment benefits with your State: "[A]t this time an individual could apply for both but there is no ability to determine whether an individual will qualify for both programs. Individuals should access each program qualifications when deciding on available options." Do you have any further information or guidance for agents on this issue?

- Businesses work through their bank to access PPP funds, while the EIDL applications are directly completed by the federal government.
- Independent contractors are eligible for both, here is a comparison chart: <https://www.claconnect.com/resources/articles/2020/comparison-of-eidl-and-paycheck-protection-programs>
- Another good comparison chart: <http://shermanhoward.com/wp-content/uploads/2020/03/Corporate-CARES-ACT-Key-Differences-between-PPP-and-EIDL.pdf>

At the moment sole proprietors and business owners may apply for all assistance they are eligible for, and some agents may be eligible for multiple programs.

Whether you've already received an EIDL unrelated to COVID-19 or you receive a COVID19 related EIDL and/or Emergency Grant between January 31, 2020 and June 30, 2020, you may also apply for a PPP loan. If you ultimately receive a PPP loan or refinance an EIDL into a PPP loan, any advance amount received under the Emergency Economic Injury Grant Program would be subtracted from the amount forgiven in the PPP. However, you cannot use your EIDL for the same purpose as your PPP loan. For example, if you use your EIDL to cover payroll for certain workers in April, you cannot use PPP for payroll for those same workers in April, although you could use it for payroll in March or for different workers in April.⁷

Note that the SBA is overwhelmed with applications for the Economic Injury Disaster Loan program, or EIDL, a long-standing program run by the SBA (separate from the \$349 billion Paycheck Protection Program for small businesses) and is not accepting any more applications at this time. The SBA's website states, "The SBA is unable to accept new EIDL COVID-19 applications at this time based on available appropriations funding."⁸ "Sadly to say, we're getting low on funds," SBA lending specialist Roderick Johnson said in an April 9 webinar for D.C.-area real estate agents. The webinar was hosted by the National Association of Real Estate Brokers with participation from a Democratic Senate staffer.⁹ Senate

⁷ The Small Business Owner's Guide to the CARES Act. U.S. Senate Committee on Small Business & Entrepreneurship, accessed April 15, 2020 at https://www.sbc.senate.gov/public/_cache/files/2/9/29fc1ae7-879a-4de0-97d5-ab0a0cb558c8/1BC9E5AB74965E686FC6EBC019EC358F.the-small-business-owner-s-guide-to-the-cares-act-final-.pdf

⁸ Disaster Loan Assistance, U.S. Small Business Administration website, accessed April 15, 2020 at <https://covid19relief.sba.gov/>

⁹ Small-business program intended for quick grants is running weeks behind. By Aaron Gregg, Jeanne Whalen, and Erica Werner, Washington Post, accessed April 15, 2020 at <https://www.washingtonpost.com/business/2020/04/15/another-sba-program-is-severely-backlogged-running-low-funds/>

Democrats last week proposed adding \$50 billion to EIDL, along with \$15 billion in new disaster grant money for the program.¹⁰ The SBA had already limited businesses applying for grants to \$1,000 per employee rather than a standard \$10,000 per applicant and has considered modifying the formulas used to calculate loan amounts, according to SBA officials

If we applied through the SBA for the EIDL, what determines if we qualify? Do we have to have employees? I applied as a sole proprietor but got an email back that they will give \$1000/employee up to \$10k but when I applied I didn't say I had employees. Is the EIDL money determined state by state? If I have multiple companies in multiple states, would I apply multiple times for each state?

- EIDL 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 COVID-19.”
- The response that they give -- “\$1000/employee up to \$10k” -- is probably automated. Independent contractors are eligible.
- You technically could have applied multiple times but SBA is unable to accept new applications at this time for the Economic Injury Disaster Loan (EIDL)-COVID-19 related assistance program (including EIDL Advances) based on available appropriations funding. Applicants who have already submitted their applications will continue to be processed on a first-come, first-served basis.
 - “Be aware that while an owner with multiple businesses may apply for an EIDL, there may be additional scrutiny to determine whether affiliation rules apply. Multiple EIDL loan applications received from the same applicant (and/or any related entities, affiliates, or business principals) for a single disaster event are called “companion files.” The loans themselves will generally be processed as separate case files, but the SBA does generally require the same loan officer to process companion files when possible. In addition, the SBA can consolidate applications from business concerns with identical ownership into a single case file.”
- The Economic Injury Disaster Loan advance funds will be made available within days of a successful application, and this loan advance will not have to be repaid.
 - *Source:* <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/economic-injury-disaster-loan-emergency-advance#section-header-4>
- No, you do not have to have employees. Those eligible for an EIDL and who have been in operation since January 31, 2020, when the public health crisis was announced, will qualify on a first-come, first-served basis.¹¹

Those eligible are the following with 500 or fewer employees:

 - Sole proprietorships, **with or without employees**
 - Independent contractors
 - Cooperatives and employee owned businesses
 - Tribal small businesses

¹⁰ Id.

¹¹ The Small Business Owner’s Guide to the CARES Act, supra.

Small business concerns and small agricultural cooperatives that meet the applicable size standard for SBA are also eligible, as well as most private non-profits of any size.¹²

According to a recent Washington Post article, SBA officials have said the SBA limited businesses applying for grants to \$1,000 per employee rather than a standard \$10,000 per applicant and have considered modifying the formulas used to calculate loan amounts due to a shortage of funds.¹³

- No, EIDL money is not determined state by state. The SBA's EIDL program is administered by the SBA, which is a federal agency; the SBA also determines the loan amounts. According to a recent Washington Post article, SBA officials have said the SBA limited businesses applying for grants to \$1,000 per employee rather than a standard \$10,000 per applicant and have considered modifying the formulas used to calculate loan amounts due to a shortage of funds.¹⁴

Has any of the money been paid out to people yet?

- **Not in Hawaii.** The Hawaii DLIR Director Scott Murakami told the Senate that they aimed to begin distributing PUA benefits on April 22 to those who would otherwise be employed but for COVID-19. For sole proprietors and independent contractors, who would not qualify for UI normally, they are provided PUA funds as well but the DLIR target implementation date for that is early May.¹⁵
- **Regarding federal monies,** About half of U.S. small businesses surveyed applied for an EIDL loan and grant as of April 9, according to the National Federation of Independent Business. None had received any funds as of that date.¹⁶ An unofficial poll of 2117 applicants states all but four are nearing two weeks with no EIDL payments.¹⁷
- “Much-needed small business aid is beginning to trickle out and more is expected in the weeks to come as banks start to disburse the rescue funds to Main Street.”
- “The SBA and Treasury Department have yet to release any formal statistics on total loan disbursements from banks to small business owners, with one senior administration official telling CNBC the information is not yet available, despite multiple requests.”
- “NFIB said that research as of April 9 showed that no business owner surveyed by its group had received EIDL funding or a grant, urging the SBA to distribute funds and request more aid.”
 - *Source:* <https://www.cnbc.com/2020/04/15/small-business-rescue-loans-top-296-billion-rapidly-nearing-the-programs-funding-limit.html>

Can a sole proprietor apply for PUA ?

- Yes, if you qualify for COVID-19 related reasons. PUA (Pandemic Unemployment Assistance) as defined under the Federal CARES Act, provides up to 39 weeks of Federal Unemployment Benefits to individuals who are self-employed, seeking part-time employment, otherwise not qualified for state unemployment, unemployed, partially

¹² Id.

¹³ Small-

business program intended for quick grants is running weeks behind, supra.

¹⁴ Small-business program intended for quick grants is running weeks behind, supra.

¹⁵ State Hopes to Start Giving Our Extra Unemployment Paychecks in a Week, supra.

¹⁶ Small-business program intended for quick grants is running weeks behind, supra.

¹⁷ COVID Loan Tracker: Here is what is happening with SBA EIDL Advances, supra.

unemployed, or unable or unavailable to work due to one of the COVID-19 related reasons. The Hawaii Department of Labor and Industrial Relations (DLIR) webpage states it is still working with the U.S. Department of Labor to establish how the PUA support funding will be administered in Hawaii so that unemployment insurance can cover people who typically do not qualify for UI, including those who are self-employed, independent contractors, or gig workers, and others. The DLIR says it will provide more information when available.¹⁸

- Source: <https://www.fox8live.com/2020/04/15/self-employed-dont-give-up-unemployment-benefits/>
- <https://labor.hawaii.gov/covid-19-labor-faqs/>

I applied for SBA loan (\$10k grant) on 4/8 and received a confirmation number. Haven't heard anything since.

- **Not surprising.** If you are referring to an EIDL loan, the SBA is severely backed up and news reports indicate that status updates are near impossible to get at the moment.¹⁹ Additional funding is being discussed by the legislature. Keep checking the SBA Disaster Loan Application Portal at <https://disasterloan.sba.gov/ela> - it has a "Check Application Status" function that is not currently working but may be in the future.

I heard from another Realtor that this loan is only for a real estate sole proprietor with employees. Is that true?

- **No.** While the eligibility vaguely states the loan is available 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 COVID-19,"²⁰ the EIDL application does not request information on employees²¹ and the Interim Final Rule for the PPP program indicates that an individual with no employees may have received an EIDL.²² A U.S. Senate Committee report clarifies that sole proprietors with or without employees are eligible for EIDL.²³
- If this is for the EIDL or PPP, it is available for independent contractors as well.
- Eligibility Comparison: <http://shermanhoward.com/wp-content/uploads/2020/03/Corporate-CARES-ACT-Key-Differences-between-PPP-and-EIDL.pdf>

¹⁸ COVID-19 FAQs, State of Hawaii Department of Labor and Industrial Relations, *supra*.

¹⁹ See, e.g., Small-business program intended for quick grants is running weeks behind, *supra*.

²⁰ Economic Injury Disaster Loan Emergency Advance, *id*.

²¹ Disaster Loan Application, U.S. Small Business Administration website, accessed April 15, 2020 at https://www.sba.gov/sites/default/files/serv_da_all_loanapp_2.pdf

²² 13 CFR Part 120. Business Loan Program Temporary Changes; Paycheck Protection Program – Additional Eligibility Criteria and Requirements for Certain Pledges of Loans AGENCY: U. S. Small Business Administration. ACTION: Interim Final Rule. Accessed April 15, 2020 at <https://home.treasury.gov/system/files/136/Interim-Final-Rule-Additional-Eligibility-Criteria-and-Requirements-for-Certain-Pledges-of-Loans.pdf>

²³ The Small Business Owner's Guide to the CARES Act, *supra*.

While applications are submitted, the only response seems to be an acknowledgment that the application (PPP, EIDL, etc.) has been received. How can we obtain a status of our application?

- Check your PPP Status: <https://www.sba.com/status/> **Keep checking.** The SBA is severely backed up and news reports indicate that status updates are near impossible to get.²⁴ Additional funding is being discussed by the legislature. The SBA says EIDL applications will continue to be processed on a first-come, first-served basis.²⁵ The SBA Disaster Loan Application Portal at <https://disasterloan.sba.gov/ela> has a “Check Application Status” function that is not currently working but may be in the future.
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- Check EIDL Status:
<https://disasterloan.sba.gov/ela/Account/Login?ReturnUrl=%2Fela%2FLoanApplication%2FStartApplication>
 - Instructive slides on how to check status:
https://www.sba.gov/sites/default/files/resource_files/how_to_disaster_app_March_2020.pdf

Do sole proprietors qualify for PPP?

- Absolutely. Sole proprietors qualify as well as self-employed individuals and independent contractors.
 - *Source:* <http://shermanhoward.com/wp-content/uploads/2020/03/Corporate-CARES-ACT-Key-Differences-between-PPP-and-EIDL.pdf>

²⁴ See. e.g., Small-business program intended for quick grants is running weeks behind, *supra*.

²⁵ Economic Injury Disaster Loan Emergency Advance, *supra*.

APPENDIX B

Hot Topics: General Questions & Info

Loans available:

- How do I apply for these loans?
 - EIDL: SBA website (<https://www.sba.gov/>)
 - SBA no longer accepting new applications at this time for EIDL. EIDL applicants who have already submitted their applications will continue to be processed on a first-come, first-served basis.
 - PPP: Through banks, recommend using lender that you have established relationship with (<https://magazine.realtor/news-and-commentary/feature/article/2020/04/two-winning-paths-to-a-ppp-loan>)
 - SBA no longer accepting new applications at this time for PPP.
 - Source: <https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources>

EIDL

- When can we expect to receive EIDL payments?
 - Payment was initially supposed to be disbursed within 3 days but now it's unknown because of the flood of applicants.
 - Now it's unknown how long it will take. Many still haven't received any disbursements.
 - Forbes found a single member LLC that received payment. The LLC applied for a 10k advance on March 29 (when SBA was still indicating disbursement would happen in 3 days) and finally received \$1k advance from the EIDL on April 14.
 - *Source:*
<https://www.forbes.com/sites/elainepofeldt/2020/04/15/covid-19-aid-to-small-business-owners-trickles-out-as-sba-clarifies-cares-act-rules-for-sole-proprietors/#54f335e17495>
- How do I apply for the EIDL?
 - SBA no longer accepting new applications at this time for EIDL. EIDL applicants who have already submitted their applications will continue to be processed on a first-come, first-served basis.
- Do I qualify for PPP if I don't have any employees?
 - Yes. Calculation of maximum loan amount if you have no employees on page 6.
 - Source: <https://home.treasury.gov/system/files/136/Interim-Final-Rule-Additional-Eligibility-Criteria-and-Requirements-for-Certain-Pledges-of-Loans.pdf>

- Do independent contractors (agents) count as someone on my payroll if I'm a broker?
 - The CARES Act defines payroll costs for sole proprietors and independent contractors as:
 - “The sum of payments of any compensation to or income of a sole proprietor or independent contractor that is a wage, commission, income, net earnings from self-employment, or similar compensation and that is in an amount that is not more than \$100,000 in 1 year, as prorated for the covered period.”
- Can I use the PPP to pay myself? And would that be considered forgivable?
 - Page 8 describes how PPP can be used for self employed: <https://home.treasury.gov/system/files/136/Interim-Final-Rule-Additional-Eligibility-Criteria-and-Requirements-for-Certain-Pledges-of-Loans.pdf>
 - The nature of the income that applies to the PPP must be subject to either the payroll tax or self-employment tax. Sole proprietors report their business income and expenses on Schedule C of their individual income tax return, Form 1040. The net earnings from Schedule C, which is found on line 31 of Schedule C, is subject to self-employment tax. Independent contractors can either report their income on Schedule C or as Other Income on Schedule 1, line 8. As long as the Other Income is subject to self-employment tax, it applies to the PPP calculation.
 - Source: <https://www.schgroup.com/resource/blog-post/paycheck-protection-program-guidelines-for-sole-proprietors-and-independent-contractors/>
- How do I maximize/calculate my forgiveness with the PPP?
 - Amount forgiven will depend on the total amount spent over the covered period— the eight weeks after the loan is disbursed— on the following, according to the SBA: <https://www.nav.com/blog/self-employed-how-to-apply-for-a-payroll-protection-program-ppp-loan-600275/>
- Can my accountant apply for me?
 - Accountant can act as your agent through the application.
 - Source: <https://www.aicpa.org/interestareas/privatecompaniespracticesection/qualityservicesdelivery/sba-paycheck-protection-program-resources-for-cpas.html>

Sole Proprietors, Independent Contractors, Self-Employed

- Proof business was in operation as of February 15, 2020
- Bank account statements
- Form 1099-MISC, or income and expenses from a sole proprietorship or self-employed
- Sole proprietors – provide IRS form 1040 Schedule C and Schedule SE
- If the applicant does not have the above documentation, the applicant must provide other supporting documentation to its lender, such as bank records, sufficient to demonstrate the qualifying payroll amount

Important Considerations for Independent Contractors:

- 1099 commission income should not be submitted when applying for PPP. Only list employees paid through W-2s. (<https://magazine.realtor/news-and-commentary/feature/article/2020/04/two-winning-paths-to-a-ppp-loan>)
- Planning for loan forgiveness: Best Practices (<https://drive.google.com/drive/u/0/folders/1vp3Kc5a7OhLYJ9HTvOGmEn2SbrO10MiE>)
- Difference between EIDL/PPP. How do they differ?
 - Comparison Chart: <http://shermanhoward.com/wp-content/uploads/2020/03/Corporate-CARES-ACT-Key-Differences-between-PPP-and-EIDL.pdf>
- Which loans are best for me as an independent contractor EIDL/PPP? <https://www.nar.realtor/political-advocacy/coronavirus-sba-cares-act-faqs>
 - Comparison chart shows differences. <https://www.claconnect.com/resources/articles/2020/comparison-of-eidl-and-paycheck-protection-programs>

Unemployment:

- Who do I call about Pandemic Unemployment Assistance? Is there a hotline?
 - Current contact info: https://labor.hawaii.gov/?_cldee=a2xAaGF3YWlpcmVhbHRvcnMuY29t&recipientid=contact-3f8770b7f7cd401c96dcc1dd4716b502-7744d840e1d946dba66c9bc67139ee05&esid=da4badf3-8973-ea11-9c40-00155d080813
 - Main phone number voicemail is full. Recommend e-mail.
 - Oahu Claims Office dlir.ui.oahu@hawaii.gov
- What kind of paperwork should we prepare even if there is no information yet?
 - UI: You will need to weekly certify that you are unemployed. <https://huiclaims.hawaii.gov/#/login>
 - Video to walk them through step-by-step on how to do this certification: <http://labor.hawaii.gov/ui/filing-an-unemployment-claim-certification/>
 - You're not required to show that you're looking for new work, the work search requirement has been temporarily waived due to the COVID-19 pandemic.
 - Source: <https://labor.hawaii.gov/covid-19-post-filing-information/>
 - They're working to push out unemployment checks within the 21-day timeline: <https://www.hawaiinewsnow.com/2020/04/08/unemployment-numbers-surpass-k-mark-due-covid-closures/>
 - Paperwork to prepare for loan forgiveness on Page 13. E.g. *“Whether or not you have employees, you must submit evidence of business rent, business mortgage interest payments on real or personal property, or business utility payments during the covered period if you used loan proceeds for those purposes.”*
 - <https://home.treasury.gov/system/files/136/Interim-Final-Rule-Additional-Eligibility-Criteria-and-Requirements-for-Certain-Pledges-of-Loans.pdf>
- What qualifies/disqualifies someone from unemployment?

- CARES Act expanded UI coverage to include those who are self-employed or independent contractors.
 - Eligibility FAQs: <https://labor.hawaii.gov/covid-19-eligibility-faqs/>
- Can a sole proprietor apply for PUA?
 - Yes. PUA (Pandemic Unemployment Assistance) as defined under the Federal CARES Act, provides up to 39 weeks of Federal Unemployment Benefits to individuals who are self-employed, seeking part-time employment, otherwise not qualified for state unemployment, unemployed, partially unemployed, or unable or unavailable to work due to one of the COVID-19 related reasons.
 - *Source:* <https://www.fox8live.com/2020/04/15/self-employed-dont-give-up-unemployment-benefits/>
 - *Source:* <https://labor.hawaii.gov/covid-19-labor-faqs/>