1. Why You Should Definitely Apply for the PPP: Myths and Misconceptions Debunked - YouTube

<https://www.youtube.com/watch?v=NxkDB1ha4Do>

Transcript:

hey everyone my name is Brennan I'm a member of the client relief team here at bench and I've currently been engaged in multiple her social platforms such as YouTube Facebook and Instagram and I've been seeing a lot of comments and questions around the PPP in particular some comments and questions have kind of made me realize there might be some myths or misconceptions around the PPP application and forgiveness that it really wanted to address because it seems to be pushing some people to not actually apply and take advantage to

this relief fund so regardless of whether you're thinking that the PPP isn't a good fit for the business so that the ship has sailed and you've missed out on those PPP funds I just wanted to address some of these questions and make sure that you're staying informed and aware of how applicable the PPP might actually be for your business so let's go through some of these comments here and see what people are saying the first one here the money was handed out to big businesses and chain businesses not a dime will be

left for small businesses another comment was expanding on that no point in applying didn't even get a response from the first round yeah so that first round of funding was a bit of a wild west of lawlessness it was a lot of people trying to hit a moving target as they're trying to change up guidelines I remember there was one day in particular I was looking into some NBA news and I came across a post that said that Los Angeles Lakers were actually approved for the PPP loan as if LeBron James needed his salary to be subsidized

you know funds were running out fast in that frenzy of lawlessness and we were preaching a high sense of urgency to our clients and applying but fortunately the second round of funding is actually been going a lot smoother not only has there been that top-up of funds but there was actually a lot of clawback from those big businesses like the Los Angeles Lakers that have really invigorated the funds and made them more widely available for small businesses they also took a portion of that PPP funding and made it dedicated to just smaller local

banks to make sure that it was available to the smaller businesses that would be working with them and beyond that I last I checked this morning there was around 150 billion dollars left of PPP funding that's still available across the two rounds so you can take your time make sure you put together a strong application get your documents together and take advantage that PPP funds at your own pace you don't need as much of a sense of urgency this time around some more comments here can you only apply to the

PPP if you have employees what if you're a solo operator and another person was frustrated saying so because you own your own business you can apply for the PPP and I think it can really boil down those two comments into one misconception which is if you don't have payroll you're not eligible and this is actually not the case if you're self-employed you are still protected I know that it can be a little misleading the naming of the loan paycheck protection program it makes it seem like you have to be running payroll and

providing paychecks to be protected and beyond that there's that 7525 rule where at least 75% of the funds need to be used on payroll expenses specifically so it may seem like you're actually not eligible just from that in itself but the application is actually open to people such as sole proprietorships or partnerships that are not being paid through payroll those types of businesses are actually going to be eligible for a loan amount dependent on their 2019 net income so the forgiveness is also going to be based on that as

well you're going to be able to take 8 weeks worth of that 2019 net income and have it forgiven just automatically so that makes it actually a really beneficial loan to have as a sole proprietorship or as a partnership the remainder of the loan still has to be used for the outlined expenses such as rent lease and utilities but it's actually easier than ever to get funding as a sole proprietorship or a partnership without payroll and it's easier than ever to get forgiveness on it as well so definitely still follow

through on that if you're a sole proprietorship or a partnership you don't have to worry about running payroll to actually get a PPP loan we also had some comments that were building off of that someone was saying our lyft drivers eligible and another person was talking about their experience I was getting contract work from a company that received a PPP and now they can't use it to pay contractors what about me so yeah that second point in particular at one point contracted expenses were actually permissible as payroll expenses

and that was changed at the last minute during the round one of funding so a lot of businesses thought they were going to get funding to actually cover those contractor expenses the reason why contractors are now no longer eligible is a favorable expense is because contractors are actually eligible to apply on their own they'll be applying using their 1099-misc forms so if you're doing contract work for a business or if you're doing contract works through say TaskRabbit or Fiverr and yes this does

actually apply to the uber and lyft drivers as well you can still apply on those 2019 earnings as reported on your 1099 misc forms similar to how a sole proprietorships can apply using their 2019 net income as reported on their Schedule C some other comments here since lenders are handling the forgiveness application why would they approve you to give you money another one here saying I'm in the restaurant industry and can only bring back employees for takeout orders I'm already hurting and it can't afford to

use the PPP only to get rejected and then have another loan to pay off and I think these two comments are really touching on the same thing which is they don't want to be pursuing the PPP because they're afraid that they won't be eligible for forgiveness or they won't receive forgiveness in that first comments case however forgiveness is actually more lenient than you might think it is it's not a binary case of I'm gonna get approved for forgiveness on the entirety of the loan or get

nothing it's more of a sliding scale it's reduced proportionately so while you may not receive forgiveness for the entirety of the loan you can still receive forgiveness for a portion of it and this is why I want to push a lot of business to apply for the PPP is because you know even if you don't get forgiveness for the entirety of the loan amount the portion that you do get forgiveness on is still going to be an incredibly valuable resource as a tax-free grant the payment terms of the PPP are very light they're 1% interest

over two years first six months deferred so if you've applied for forgiveness and you don't receive forgiveness for the entire amount you can pay down that remainder balance it like pretty much no cost so I'm trying to prove businesses to really consider that PPP as a tax-free grant that gets reevaluated after that eight-week period and you just have to pay back the portion that you've been really at it's not be used for the correct expenses or whatever that way like you're still approaching it as like a tax-free grant

for your business just it might not be that full tax-free grant that you expected and you just have to continue using the funds for the applicable expenses to ensure that you are being compliant with the rules there we've also received comments here such as I can't take another hard inquiry hit to my credit I'm scared to reapply yeah that's a tough one and I might get audited so who really needs it when the penalties are so severe so both of these are kind of touching on you know they're

they're afraid to get audited they're afraid to make it a credit check they're afraid of like what this could potentially mean for the business in terms of penalties or like a cost that isn't really explicit however for the credit score the credit check is actually not necessary as part of the PPP application you don't have to worry about that they're not going to check your credit for a PPP loan and as for the auditing right now they're currently only looking to audit loans greater than

two million dollars they're gonna assume that anything less than that is being used in good faith this may change once it comes time to actually be processing the forgiveness applications they will still want to be verifying that you're using it for the right expenses so if so if you can't really use it for the correct expenses then it might not have as much value to you but you don't have to worry about being audited or a credit check at least not at this point some more comments here I've received the PPP

after getting a profile approved for the Eid L how can I contact my lender to give the PPP back another comment saying is any portion of the PPP forgiven or is it just the Eid L amount so both of these are touching on that a IDL loan and both of these are actually wrong perceptions of the landscape because the Eid L and the PPP are meant used together they were designed that way when you fill out a PPP application they're going to be asking you for that iid L loan amount as well as the grant amount and it's going to be taken into

consideration for the amount on your application as for as for contacting the lender to give the PPP back yeah you don't have to worry about that if you have an e ID l you shouldn't let having one influence your application for another and outside of just recording the amounts and in terms for forgiveness it's very explicit on the forgiveness application how the Eid L is going to be taken into consideration when it comes to calculating your forgiveness amount so yeah don't worry about that and don't let having one affect your

decision-making with the other the only thing to take into consideration is don't use both loan amounts or don't use the grant and the PPP for the same expenses that's where it gets a little bit muddy it's a lot more explicit in like if you're using if you have a PPP don't use the idle for for payroll expenses or rent or utilities that which would be covered by the PPP so we've got some more comments here that were just very frustrated with that first round of funding my bank is closed and I can't

submit an application my bank stopped taking applications and then another person heard or sorry submitted an application to my bank but never heard back all very frustrating cases when the PPP is meant to be available to small businesses how in helping you out but before that second round of funding was released the SP actually did something that kind of caught me off guard which was they started working with fin tech companies to make PPP loans available more on mass and more widely available online so you

can actually start looking at the PPP application processing application and submitting an application online all from the comfort of your home you don't have to go outside and break quarantine rules and not only that the applications are built to be as straightforward and streamlined as possible it's going to show you which documents collect and why that information is pertinent so you can get started on on an applique with the lender like bluevine right away we actually work with bluevine we have a

landing page for them that walks you through all the documents you need and all the steps we even have a video walkthrough of how to fill out that application we want to make sure that there is as low of a barrier of entry as possible to applying for a PPP and getting that funding you need and beyond that if your bank stopped taking applications or if you have a submit an application that was submitted to a bank you can still apply elsewhere you can still apply to someplace like blue vine the only thing that's going to prevent

you is if you've already received an e Tran number once you've received that a Tran number basically the funds have already been committed to you and you're going to be getting the funds from there that next application you submit will be automatically rejected so those were a couple of the comments that I saw that I really wanted to address and make sure people were aware of the actual landscape I hope this helps you and I hope this keeps you informed and I really hope that this pushes you to apply for the PPP it's something I want

every single business to take advantage of because even with this economic reopening who knows how long it's gonna take to really bounce back to full strength and these PPP funds could go a long distance and making sure that you're sustained over that period of time anyways that's everything that I had for today hope this helps and I'll talk to you again soon