



Paycheck Protection Program Information

The Paycheck Protection Program (PPP), now authorizes up to \$349 billion in forgivable loans to small businesses to pay their employees during the COVID-19 crisis. All loan terms will be *the same for everyone*.

When:

Starting April 3rd, 2020, small businesses, as well as sole proprietorships can apply for and receive loans to cover their payroll and certain other expenses (through existing SBA lenders). On April 10th independent contractors and self-employed individuals can begin to apply for the same loans. Other regulated lenders will be available to make these loans as soon as they are enrolled in the program and approved.

The program is open until June 30th, 202 but we encourage you to apply quickly. There is a funding cap on this program, and lenders will need time to process your loans.

Where:

An application can be submitted through any existing SBA lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating. Consult with local lenders to see who is participating.

Who:

All businesses (including nonprofits, veterans organizations, Tribal business concerns, sole proprietorships, self-employed individuals, and independent contractors), with 500 or fewer employees can apply. Certain industries may have more than 500 employees if they meet specific criteria. It is important to note that qualified individuals may only apply for one loan under this program.

Businesses will not need to put up collateral for the loan. Further, there is no personal guarantee requirement. However, if proceeds are used for fraudulent purposes the U.S. Government will pursue criminal charges against you individually.

Use:

Loans can be for up to two months of your average monthly payroll costs from 2019, plus an additional 25% of that amount. There is a \$10 million cap per business. There are special calculations for seasonal and new businesses. The funds you receive from loans may be used for

- Payroll costs
 - Salary, wages, commissions, or tips (capped at \$100,000 on an annualized basis for each employee);
 - Employee benefits including costs for vacation, parental, family, medical, or sick leave; an allowance for separation or dismissal; payments required for the provisions of group health care benefits including insurance premiums; and payment of any retirement benefit



- State and local taxes assessed on compensation; and
- For a sole proprietor or independent contractor: wages, commissions, income, or net earnings from self-employment, capped at \$100,000 on an annualized basis for each employee.
- Interest on mortgage obligations, incurred before February 15, 2020;
- Rent, under lease agreements in force before February 15, 2020;
- Utilities, for which service began before February 15, 2020.

Repayment:

The loan is due 2 years from the issue date and has a 0.50% fixed interest rate. However, all payments are deferred for 6 months, but interest will accrue over this period. There are no prepayment penalties or fees if you repay before the 2-year end date.

Forgiveness:

You will owe money when your loan is due if you used the loan for anything other than payroll costs, mortgage interest, rent, and utilities over the 8-week period after receiving the loan. Due to the anticipated high subscription, it is predicted that only 25% of non-payroll costs will be forgiven. You will also owe more if you do not maintain your staff and payroll.

- Number of Staff: Your loan forgiveness will be reduced if you decrease your full-time employee headcount.
- Level of Payroll: Your loan forgiveness will also be reduced if you decrease salaries and wages by more than 25% for any employee that made less than \$100,000 annualized in 2019.
- Re-Hiring: You have until June 30, 2020, to restore your full-time employment and salary levels for any changes made between February 15, 2020, and April 26, 2020.

In order to apply for forgiveness, you will need to submit a request to the lender that is servicing the loan. These documents will need to verify

- Your number of full-time employees, and their pay rate
- Payments on eligible mortgages or leases
- Utility obligations

You will further need to certify that documents are true (see below section). The lender must make a decision on forgiveness within 60 days.

Certification:

As part of your application, you will be required to certify in good faith that

- Current economic uncertainty makes the loan necessary to support your ongoing operations.
- The funds will be used to retain workers and maintain payroll or to make mortgage, lease, and utility payments.



- You have not and will not receive another loan under this program.
- You will provide to the lender documentation that verifies the number of full-time equivalent employees on payroll and the dollar amounts of payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities for the eight weeks after getting this loan.
- Loan forgiveness will be provided for the sum of documented payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities. Due to likely high subscription, it is anticipated that not more than 25% of the forgiven amount may be for non-payroll costs.
- All the information you provided in your application and in all supporting documents and forms is true and accurate. Knowingly making a false statement to get a loan under this program is punishable by law.
- You acknowledge that the lender will calculate the eligible loan amount using the tax documents you submitted. You affirm that the tax documents are identical to those you submitted to the IRS. And you also understand, acknowledge, and agree that the lender can share the tax information with the SBA's authorized representatives, including authorized representatives of the SBA Office of Inspector General, for the purpose of compliance with SBA Loan Program Requirements and all SBA reviews.

Further Resources

[SBA Lender List:](https://www.sba.gov/partners/lenders/microloan-program/list-lenders)

<https://www.sba.gov/partners/lenders/microloan-program/list-lenders>

[Over 500 employee exceptions:](https://www.sba.gov/federal-contracting/contracting-guide/size-standards)

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