

PAYCHECK PROTECTION PROGRAM (PPP) INFORMATION SHEET

The Paycheck Protection Program (“PPP”) authorizes up to \$349 billion in forgivable loans to small businesses to pay their employees during the COVID-19 crisis.

Who can apply?

All businesses that were in business on **February 15, 2020** – including nonprofits (501(c)(3), (d), (e)), veterans organizations, Tribal business concerns, sole proprietorships, self-employed individuals, and independent contractors – with 500 or fewer employees can apply. Businesses in certain industries can have more than 500 employees if they meet applicable SBA employee-based size standards for those industries (click [HERE](#) for additional detail).

For this program, the SBA’s affiliation standards are waived for small businesses (1) in the hotel and food services industries (click [HERE](#) for NAICS code 72 to confirm); or (2) that are franchises in the SBA’s Franchise Directory (click [HERE](#) to check); or (3) that receive financial assistance from small business investment companies licensed by the SBA. Additional guidance may be released as appropriate.

Can a business participate in the Economic Injury Disaster Loan program in addition to the PPP?

- A borrower may participate in both programs. However, a borrow cannot receive both an EIDL loan and a PPP loan **for the same purposes**.
- An EIDL loan made during the period from January 31, 2020 through March 31, 2020 may be refinanced as part of the PPP loan. Refinancing of an EIDL into the PPP could effect the total amount that can be borrowed under the PPP. Consult your lender for more information.
- After March 31, 2020, a client must choose between taking out an EIDL or a PPP, but a client cannot originate both after March 31, 2020.

What are the terms of the loan? 2 years

Are there any fees to originate this loan?

No. The lender may not charge fees for originating this loan.

When do I need to start paying interest on my loan?

All payments are deferred for 6 months; however, interest will continue to accrue over this period. There is no prepayment penalty for paying the loan off early.

What is the interest rate? Up to 1.0% fixed rate.

What is the maximum loan amount?

- Loans can be for up to two months of your average monthly payroll costs from the last year plus an additional 25% of that amount. That amount is subject to a \$10 million cap.
- For seasonal businesses, the applicant may elect to instead use average monthly payroll for the time period between February 15, 2019 and June 30, 2019, excluding costs over \$100,000 on an annualized basis for each employee.
- For new businesses, average monthly payroll may be calculated using the time period from January 1, 2020 to February 29, 2020, excluding costs over \$100,000 on an annualized basis for each employee.

**** NOTE:** The average monthly payroll must be reduced for any compensation paid to employees whose principal residence is outside the United States.

What can I use these loans for? You should use the proceeds from these loans on your:

- Payroll costs, including benefits;
- Interest on mortgage obligations, incurred before February 15, 2020;
- Rent, under lease agreements in force before February 15, 2020; and
- Utilities, for which service began before February 15, 2020.

What counts as payroll costs? Payroll costs include:

- 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; 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.

How much of my loan will be forgiven?

The loan amounts will be forgiven as long as:

- The loan proceeds are used to cover payroll costs, and most mortgage interest, rent, and utility costs over the 8-week period after the loan is made; and
- Employee and compensation levels are maintained.
- 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.

Payroll costs are capped at \$100,000 on an annualized basis for each employee. Due to likely high subscription, it is anticipated that not more than 25% of the forgiven amount may be for non-payroll costs.

How can I request loan forgiveness? You can submit a request to the lender that is servicing the loan. The request will include documents that verify the number of full-time equivalent employees and pay rates, as well as the payments on eligible mortgage, lease, and utility obligations. You must certify that the documents are true and that you used the forgiveness amount to keep employees and make eligible mortgage interest, rent, and utility payments. The lender must make a decision on the forgiveness within 60 days.

When can I apply?

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

Where can I apply?

You can apply through any existing SBA 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. Visit www.sba.gov for a list of SBA lenders.

What do I need to apply? You will need to complete the Paycheck Protection Program loan application and submit the application with the required documentation to an approved lender that is available to process your application by June 30, 2020.

Do I need to first look for other funds before applying to this program? No. The usual SBA requirement that you try to obtain some or all of the loan funds from other sources (i.e., we are waiving the Credit Elsewhere requirement) is being waived.

How long will this program last? Although the program is open until June 30, 2020, you should apply as quickly as you can because there is a funding cap and lenders need time to process your loan.

How many loans can I take out under this program? Only one.

Do I need to pledge any collateral for these loans? No. No collateral is required.

Do I need to personally guarantee this loan? No. There is no personal guarantee requirement.

However, if the proceeds are used for fraudulent purposes, the U.S. government will pursue criminal charges against you.

What do I need to certify? As part of your application, you need 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.

CRITICAL ELEMENTS OF A SUCCESSFUL APPLICATION

The SBA loan system requires information that is not included on the Treasury Guidance or the SBA PPP Loan Application Document. All the items below are required for loan approval and funding. Applications that contain complete information will be promptly submitted to the SBA. It is critical that you have all documents prepared before you begin the application process.

- ✓ Correct and complete email address and full physical address (business or home, as appropriate) for borrowing entity and all owners of 20% or more, and all owners required to comprise greater than 50% of total ownership of the borrower; non-profits or public companies may list the information of the authorized signer of the application.
- ✓ Correct TIN (EIN or SSN, as appropriate) of the borrowing entity and all listed owners.
- ✓ Copies of the business's IRS Form 941 (Employer's Quarterly Federal Tax Return) for all four quarters of 2019 (or comparable information if not filed).
- ✓ Payroll ledger for 2019 payroll showing payroll costs by employee.
- ✓ Payroll costs generally include: salary, wages, commission, or similar compensation; tips; vacation; parental, family, medical or sick leave; group healthcare benefits, retirement benefits; and state or local taxes on employee compensation.

- ✓ Payroll costs do not include: the compensation of an employee in excess of \$100,000 (as prorated for the covered period), taxes imposed or withheld under FICA, and any compensation of an employee whose principal place of residence is outside of the United States.
- ✓ Payroll ledger for YTD 2020 (same information as above but shown by month).
- ✓ With respect to documentation to support the average monthly payroll costs: Acceptable supporting documentation includes payroll processor records, payroll tax filings, Form 1099-MISC (for independent contractor applicants), or income and expenses from a sole proprietorship. If you do not have any such documentation, you must provide other supporting documentation, such as bank records, sufficient to demonstrate the average monthly payroll amount.
- ✓ Entity origination documents (e.g., articles/certificate of incorporation and bylaws; articles of organization and operating agreement; partnership agreement and filed partnership certificate; trustee certification; or trade name certificate (DBA)). The person completing the application on behalf of the entity must be authorized to sign for the entity.