

## Paycheck Protection Program Information

*Please consult with your financial advisor, attorney, and/or accountant for specific information about your business.*

### **What is it?**

According to the Small Business Administration (SBA), the Paycheck Protection Program (PPP) and loan forgiveness are intended to provide economic relief to small businesses adversely impacted by Covid-19. The program permits the SBA to guarantee 100% of loans, as well as the potential to forgive up to the full principal amount of qualifying loans. The overall goal is to keep workers employed and paid.

### **When should I apply?**

Loans are available on a first-come, first-served basis, so it is important to apply as soon as possible. The last day to apply for, and receive a loan is June 30, 2020.

### **How do I apply?**

Fill out the SBA Loan application (link at the bottom of this document) and work with a SBA approved lender of choice to apply for the loan. Check your lender's website for any specific information on how they are processing these loans.

### **Who is eligible to receive a loan under the PPP?**

Businesses with 500 or fewer employees whose principal place of residence is the United States and who were in operation on February 15, 2020 are eligible. This includes sole proprietorships, independent contractors, certain non-profits and the self-employed.

### **What are the details of the loans?**

- Borrowers can only receive one PPP loan
- Loans fully guaranteed by the SBA, no collateral or personal guarantees required
- Loan amounts are 2.5 times average monthly "payroll costs", not to exceed \$10 Million
- Term: 24 months (with maximum maturity of 10 years)
- Interest Rate: currently 1% (not to exceed 4%)
- Remaining loan payments deferred for 6 months

### **How much can I borrow?**

Loan amounts are determined by a payroll-based formula that is defined in the Act. Generally, amounts are 2.5x an applicant's *monthly* payroll cost, which can include employee benefits, mortgage interest or rent, and utilities. Applicants should carefully review pages 8-11 of the Interim Final Rule for the calculation formula, as well as specific costs to be excluded from calculations, including:

- Compensation for an individual in excess of \$100,000 / year
- Payment to independent contractors (Independent Contractors can apply for PPP loans themselves)

### **Will the loan be forgiven?**

Loans may be forgiven if they are used to cover payroll costs, mortgage interest, rent and utility costs in the eight weeks after the loan is granted equal to the same average payroll costs prior to February 15, 2020. Pages 13 – 14 of Interim Final Rule provide full details around forgiveness.

### **Helpful links**

Loan Application: [https://www.sba.gov/sites/default/files/2020-04/PPP%20Lender%20Application%20Form\\_0.pdf](https://www.sba.gov/sites/default/files/2020-04/PPP%20Lender%20Application%20Form_0.pdf)

SBA Resources: <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program-ppp>

SBA Interim Final Rule: <https://content.sba.gov/sites/default/files/2020-04/PPP--IFRN%20FINAL.pdf>