



# What is the Paycheck Protection Program (PPP)?

The Paycheck Protection Program is part of the CARES Act (the Coronavirus Aid, Relief, and Economic Security act). The program authorizes up to \$349 billion in forgivable loans to small businesses to help businesses with two months of assistance to pay employees, rent and other related expenses during the COVID-19 pandemic.

## Who can apply?

Any small business with less than 500 employees can apply. This includes sole proprietors, independent contractors and self-employed workers that are being affected by the coronavirus/ COVID-19. Please click [here](#) for more information on the SBA's size standards to determine if your business qualifies.

## How do you apply?

You should apply through an SBA lender, bank or federally insured credit union. Your lender must submit your application to the SBA. Please check with your bank to see if it is participating in the program or visit [www.sba.gov](http://www.sba.gov) for a list of SBA lenders.

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

## How much can my loan be?

Loans will be up to two months of the average monthly payroll costs from the last year plus an additional 25% of that amount. The amount is capped at \$10 million dollars. If you are a seasonal or new business, you will use different applicable time periods for your calculation.

## What do I need to apply?

You need to complete the Paycheck Protection Program loan application and submit with required documentation to an SBA approved lender by June 30, 2020. Additionally, you will need to provide your lender with payroll documentation. The normal SBA requirement to seek other funds before applying for SBA loans has been waived.

## How long will the PPP last? How many loans can I take out under this program?

The program is open until June 30, 2020. However, we encourage you to apply as soon as possible as there is a funding cap and your application and loan will take time to process. You can take out one loan under the program.

### **What can the loans be used for?**

- Payroll costs, including employee 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 are defined as payroll costs?**

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.

- Salary, wages, commissions, or tips;
- Employee benefits such as paid time off, parental, family, medical or sick leave;
- Payments required to maintain benefits such as insurance premiums;
- Retirement benefits;
- Local and state income taxes;
- For solopreneurs or independent contractors—wages, commissions, income, or net earnings from self-employment, capped at \$100,000 on an annualized basis for each employee.

### **What are the terms of my loan?**

- The interest rate of the loan is fixed at 0.50%
- All payments are deferred for 6 months on the loan. However, interest will still accrue during the 6 month period.
- The loan is due in two years, but you may start to pay the loan before that time.
- You do not need to put up any collateral or personal guarantee for the SBA PPP loans.

### **How do I request loan forgiveness?**

You need to submit a request to the lender that is managing your loan. The request will include verification that the number of full-time equivalent employees and pay rates, as well as the payments on eligible mortgage, lease, and utility obligations. Additionally, 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 of receiving the application. Please note that it is anticipated that not more than 25% of the forgiven amount may be for non-payroll costs.

**Loan forgiveness will be provided for the sum of documented payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities.**