

## Paycheck Protection Program (PPP) Overview

(Subject to additional SBA guidance and details regarding the new program)

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<b>What is the PPP?</b>	A critical piece of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the PPP provides expanded Small Business Administration 7(a) emergency loans, guaranteed by the SBA. Based on criteria for loan forgiveness, part or all of the loan may be forgiven.
<b>Application Timing and Lenders</b>	Starting April 3, 2020, small businesses (including sole proprietorships) can apply for these 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 these 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. The application deadline is June 30, 2020, but the Department of Treasury advises that there is a "funding cap".
<b>Appropriated Amount for Program</b>	\$349 billion in new SBA loans under Section 7(a) of the Small Business Act
<b>Covered Loan Period</b>	Covered Period retroactive to February 15, 2020, through June 30, 2020
<b>Eligible Businesses for PPP</b>	Small businesses, nonprofits (501(c)(3) only), veterans organizations or tribal business concerns, which: <ul style="list-style-type: none"> <li>- Was in business on February 15, 2020, with payroll to employees or payments to independent contractors</li> <li>- Has less than 500 employees (or a higher employee limit for specified industries that may be set by the SBA)</li> <li>- Are sole proprietors, independent contractors or self-employed individuals</li> </ul>
<b>Allowable Uses</b>	Payroll costs Health care and other benefits (including paid sick, medical or family leave, health care insurance premiums, and payments of any retirement benefits) Interest payments on debt obligations, including mortgage interest payments, incurred before February 15, 2020 (Note: For purposes of loan forgiveness, only mortgage interest is included) Rent payments on lease agreements dated before February 15, 2020 Utility payments under service agreements dated before February 15, 2020
<b>Maximum Loan</b>	The maximum loan amount is the lesser of: <ul style="list-style-type: none"> <li>- 2.5 times the average monthly payroll costs (including health care and retirement benefits), or</li> <li>- \$10 million</li> </ul> (For new businesses not established before June 30, 2019, the measurement period would be January 1 to February 29, 2020) Payroll costs are capped at \$100,000 on an annualized basis for each employee. Payroll costs for a sole proprietors or independent contractors (wages, commissions, income, or net earnings from self-employment) are also capped at \$100,000 on an annualized basis. The CARES Act also temporarily increases the maximum amount for an SBA Express loan from \$350,000 to \$1 million through December 31, 2020.
<b>Guarantees</b>	Increases the SBA government guarantee of 7(a) loans to 100 percent through December 31, 2020; there is no personal guarantee for PPP loans
<b>Eligible Lenders</b>	The SBA and the Department of the Treasury are granted authority to determine additional lenders to administer the PPP loans. According to the DOT Fact Sheet: These include any existing SBA lender or 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 lender as to whether it is participating. Visit <a href="http://www.sba.gov">www.sba.gov</a> for a list of SBA lenders.
<b>Maturity Schedule</b>	Two-year loan term
<b>Interest Rate</b>	1%
<b>Payment Deferral</b>	6 month deferment of payment, however interest will accrue during this period
<b>Initial Terms of Loan Forgiveness (based on SBA Interim Final Rule)</b>	The amount of loan forgiveness can be up to the full principal amount and accrued interest. This will depend, in part, on the following payments over the 8-week period following the date of the loan: <ul style="list-style-type: none"> <li>- Payroll costs (compensation above \$100,000 excluded)</li> <li>- Payments of interest on mortgage obligations incurred before February 15, 2020</li> <li>- Rent payments on lease agreements dated before February 15, 2020</li> <li>- Utility payments under service agreements dated before February 15, 2020</li> </ul> Borrowers will owe money on the loan if it is used for anything other than payroll costs, mortgage interest, rent, and utilities payments over the 8 weeks after getting the loan. However, not more than 25 percent of the loan forgiveness amount may be attributable to non-payroll costs. SBA will issue additional guidance on loan forgiveness.
<b>Waivers</b>	Borrower and lender fees are waived. Prepayment fees are waived.
<b>Borrower Requirements</b>	Good faith certification that the loan is necessary because of economic uncertainty caused by COVID-19 and will be used to maintain payroll and make required payments. Borrower must also certify that they are not receiving this assistance and duplicative funds for the same uses from another SBA program. No collateral or personal guarantee are required.