

## **PAYCHECK PROTECTION PROGRAM (PPP) INFORMATION SHEET: BORROWERS**

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. *All loan terms will be the same for everyone.*

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.

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.

Loan payments will be deferred for 6 months.

### **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](http://www.sba.gov) for a list of SBA lenders.

**Who can apply?** All businesses – including nonprofits, 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.

**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. Click [HERE](#) for the application.

**What other documents will I need to include in my application?** You will need to provide your lender with payroll documentation.

**Do I need to first look for other funds before applying to this program?** No. We are waiving 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).

**How long will this program last?** Although the program is open until June 30, 2020, we encourage you to 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.

**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.

**Does the PPP cover paid sick leave?**

Yes, the PPP covers payroll costs, which include employee benefits such as costs for parental, family, medical, or sick leave. However, it is worth noting that the CARES Act expressly excludes qualified sick and family leave wages for which a credit is allowed under sections 7001 and 7003 of the Families First Coronavirus Response Act (FFCRA) (Public Law 116–127). Learn more about the FFCRA’s Paid Sick Leave Refundable Credit [online](#).

**How large can my loan be?** 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. If you are a seasonal or new business, you will use different applicable time

periods for your calculation. Payroll costs will be capped at \$100,000 annualized for each employee.

**How much of my loan will be forgiven?** You will owe money when your loan is due if you use the loan amount for anything other than payroll costs, mortgage interest, rent, and utilities payments over the 8 weeks after getting the loan. Due to likely high subscription, it is anticipated that not more than 25% of the forgiven amount may be for non-payroll costs.

You will also owe money 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.

**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.

**What is my interest rate?** 1.00% fixed rate.

**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.

**When is my loan due?** In 2 years.

**Can I pay my loan earlier than 2 years?** Yes. There are no prepayment penalties or fees.

**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.
- 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.



Loan Program	Economic Injury Disaster Loan (EIDL)	Paycheck Protection Program Loan (PPPL)
<b>Lender</b>	Small Business Administration (SBA)	Financial institutions (commercial banks, credit unions, and other approved lenders)
<b>Program Period</b>	through December 31, 2020	through June 30, 2020 (Covers 8-weeks of eligible expenses after loan origination.)
<b>Eligibility</b>	<ul style="list-style-type: none"> <li>• Have 500 or fewer employees,</li> <li>• Are a sole proprietor, independent contractor, or self-employed individual.</li> </ul> <p>AND</p> <ul style="list-style-type: none"> <li>• Been in business since January 31, 2020.</li> </ul>	<ul style="list-style-type: none"> <li>• Have 500 or fewer employees,</li> <li>• Are a sole proprietor, independent contractor, or self-employed individual,</li> <li>• A small business that meets the SBA small business industry-specific standards,</li> <li>• Operate an accommodation or food service business (NAICS Code 72) with 500 of fewer employees per location,</li> <li>• A business assigned a franchise operator code by SBA,</li> <li>• A business that receives assistance under the Small Business Investment Act.</li> </ul> <p>AND</p> <ul style="list-style-type: none"> <li>• Been in business since February 15, 2020 and paid taxes on your employees or independent contractors.</li> </ul>
<b>Loan Amount</b>	<ul style="list-style-type: none"> <li>• The maximum loan size is \$2 million.</li> <li>• Applicants who apply for this loan may request an advance Emergency EIDL grant of up to \$10,000 from the SBA.</li> </ul>	<ul style="list-style-type: none"> <li>• 2.5x the average monthly “payroll” costs, measured over the 12 months preceding the loan origination date. Seasonal business may use the period February 15, 2019 – June 30, 2019 or March 1, 2019 – June 30, 2019 to calculate the average payroll.</li> <li>• The maximum loan size is \$10 million.</li> <li>• “Payroll” includes:               <ul style="list-style-type: none"> <li>○ Salaries, commissions, tips,</li> </ul> </li> </ul>

		<ul style="list-style-type: none"> <li>○ Employee benefits (including health insurance premiums and retirement benefits),</li> <li>○ State and local taxes,</li> <li>○ Compensation to sole proprietors or independent contractors.</li> </ul> <ul style="list-style-type: none"> <li>● “Payroll” excludes: <ul style="list-style-type: none"> <li>○ Annual salary in excess of \$100,000,</li> <li>○ Foreign employees,</li> <li>○ FICA and income tax withholdings.</li> </ul> </li> </ul>
<b>Eligible Expenses</b>	<ul style="list-style-type: none"> <li>● Payroll costs, including benefits,</li> <li>● Fixed debts (mortgage, rent, lease),</li> <li>● Accounts payable,</li> <li>● Other bills.</li> </ul>	<ul style="list-style-type: none"> <li>● Payroll costs, including benefits,</li> <li>● Interest on mortgage obligations, incurred before February 15, 2020,</li> <li>● Rent, under lease agreements in force before February 15, 2020 and</li> <li>● Utilities, for which service began before February 15, 2020.</li> </ul>
<b>Term Duration</b>	Up to 30 years	Up to 2 years
<b>Interest Rate</b>	3.75% for businesses, 2.75% for nonprofits	1% for all borrowers
<b>Forgiveness</b>	<p>No loan forgiveness</p> <p>Emergency EIDL grant of up to \$10,000 is forgiven. Grant must be used for the following expenses:</p> <ul style="list-style-type: none"> <li>○ Providing paid sick leave to employees unable to work due to the direct effect of the COVID-19,</li> <li>○ Maintaining payroll to retain employees during business disruptions or substantial slowdowns,</li> <li>○ Meeting increased costs to obtain materials unavailable from the applicant’s original source due to interrupted supply chains,</li> <li>○ Making rent or mortgage payments,</li> </ul>	<p>Eligible expenses (below) within an 8-week period from date of loan origination:</p> <ul style="list-style-type: none"> <li>● Payroll costs (including everything listed above),</li> <li>● Payments on mortgage interest,</li> <li>● Rent,</li> <li>● Utilities.</li> </ul> <p>***Your loan forgiveness will be reduced if you decrease the number of your full-time and/or decrease salaries and wages by more than 25% for any employee that made less than \$100,000 annualized in 2019.</p> <p>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.***</p>

	<ul style="list-style-type: none"> <li>○ Repaying obligations that cannot be met due to revenue losses.</li> </ul>	
<b>Repayment</b>	Unclear about deferred	Payments (and interest) are deferred for 6 months
<b>Collateral Requirement</b>	No	No
<b>Personal Guarantee</b>	Not for loan less than \$200,000	No
<b>Prepayment Penalties</b>	No	No
<b>Required Documents</b>	<ul style="list-style-type: none"> <li>• <b>SBA Form 5 (Application),</b></li> <li>• <b>Credit score,</b></li> <li>• IRS Form 4506T,</li> <li>• Most recent federal income tax returns for the business,</li> <li>• SBA Form 1143 (Personal Financial Statement),</li> <li>• SBA Form 2202 or a similar schedule of liabilities listing all fixed debts.</li> </ul>	<ul style="list-style-type: none"> <li>• Two page application <a href="#">HERE</a></li> <li>• Payroll expenses</li> </ul>
<b>Availability</b>	Loans available now	(Will vary by participating banks) <b>April 3, 2020</b> , small businesses and sole proprietorships, <b>April 10, 2020</b> , independent contractors and self-employed individuals

Notes: NFIB COVID-19 Small Business Resources [HERE](#)

Economic Injury Disaster Loan (and EIDL grant) application [HERE](#)

Paycheck Protection Program Loan (PPPL) Borrower information [HERE](#)

Paycheck Protection Program Loan (PPPL) Application [HERE](#)