Paycheck Protection Program (PPP)

The Paycheck Protection Program is aimed at helping businesses keep their workforce employed during the Coronavirus (COVID-19) crisis. Provided by the U.S. Small Business Administration, the SBA will forgive loans if all employees are kept on the payroll for eight weeks and the money is used for payroll, rent, mortgage interest, or utilities. The Paycheck Protection Program will be available through June 30, 2020.

Need To Know

- You can apply through any existing SBA 7(a) 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 in the program.
- Lenders may begin processing loan applications as soon as April 3, 2020.
- This program is for any small business with less than 500 employees, private non-profit organizations or 501(c)(19) veterans organizations affected by coronavirus/COVID-19.
- Small businesses in the hospitality and food industry with more than one location could also be eligible if their individual locations employ less than 500 workers.
- Loan payments will be deferred for six months.
- No collateral or personal guarantees are required. Neither the government nor lenders will charge small businesses any fees.
- Forgiveness is based on the employer maintaining or quickly rehiring employees and maintaining salary levels. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease.
- This loan has a maturity of 2 years and an interest rate of 1%.
- Non-profits entities that existed on February 15, 2020 with paid employees or paid independent contractors may also take part in this program.

How Much Can I Borrow?

Loans can be up to two and a half times the borrower’s average monthly payroll costs, not to exceed $10 million. To calculate your payroll costs, subtract the sum of your excluded payroll costs from the sum of your included payroll costs.

Examples of Included Payroll Costs are:

1. **For Employers:** The sum of any compensation with respect to employees that is a:
   - salary, wage, commission, or similar compensation
   - payment of cash tip or equivalent
   - payment for vacation, parental, family, medical, or sick leave
   - allowance for dismissal or separation
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- payment required for the provisions of group health care benefits, including insurance premiums
- payment of any retirement benefit
- payment of state or local tax assessed on the compensation of the employee

2. For Sole Proprietors, Independent Contractors, and Self-Employed Individuals:
   - The sum of payments of any compensation to or income of a sole proprietor or independent contractor that is a wage, commission, income, net earnings from self-employment, or similar compensation and that is in an amount that is not more than $100,000 in one year, as prorated for the covered period.

Examples of Excluded Payroll Costs are:

- Compensation of an individual employee in excess of an annual salary of $100,000 as prorated for the period February 15, to June 30, 2020.
- Payroll taxes, railroad retirement taxes, and income taxes
- Any compensation of an employee whose principal place of residence is outside of the United States
- Qualified sick leave wages for which a credit is allowed under section 7001 of the Families First Coronavirus Response Act (Public Law 116-5 127); or qualified family leave wages for which a credit is allowed under section 7003 of the Families First Coronavirus Response Act.

Get Ready To Apply

To begin preparing your application, download the PPP Borrower Application form HERE. Information on this form will be requested from you when you apply to a lender.

Below you will find the additional requirements for the PPP application.

☐ Attach Addendum with listing of Affiliates and describe the relationships (if applicable)

☐ Average Monthly “Payroll Costs” Calculation (use formula described above).

☐ Entity Documents
  - Certificate of LLC or Incorporation
  - EIN Number from the IRS
  - Entity documents, to reflect authorized signers for applicant

☐ Copy of Owner’s or authorized individual’s driver’s license or U.S. Passport

☐ Payroll register with gross compensation for individual employees and a separate column reflecting the $100,000 limitation per employee. (For privacy purposes, only include an employee number or the last 4 digits of the Social Security Number)
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- Copy of payroll tax reports 940, 941, 944 or W-3 for 2019 and first quarter of 2020 (if available)

- Documentation showing total health insurance premium paid by the company owner(s) under a group health plan (Billing statements or copies of checks). This information needs to be from January 1, 2019 and ending on your most recent payroll date (if applicable)

- Documentation showing all of retirement plan funding that was paid by the company during the period from January 1, 2019 and ending on your most recent payroll date, including under the 401k plans, simple IRAs, SEP IRAs and other retirement plans (if applicable)

- Any additional information that SBA may require.

Note: The SBA may change the regulations for this program, therefore, information is subject to change.