

CARES ACT – Payroll Protection Program Overview

CARES ACT - Payroll Protection Program (PPP)	
Overview	Emergency loan program for small businesses to secure funds to pay staff and operating costs for two months
Borrower Eligibility	<ul style="list-style-type: none"> • Small businesses with fewer than 500 employees (including non-profits, Tribal business concerns, and veteran's organizations), sole proprietors, independent contractors, self-employed • In business as of February 15, 2020
Borrower Requirements	<ul style="list-style-type: none"> • Good faith certification that the loan is necessary because of economic uncertainty caused by COVID-19 and will be applied 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 Small Business Administration (SBA) program
Loan Amount	<p>The lesser of 2.5 average monthly payroll costs or \$10M</p> <p><u>Sum of Payroll Costs – Sum of Excluded Payroll Cost = PPP Payroll Costs</u></p> <p>Payroll Costs : Salaries, wages, commissions, vacation, employee benefits, state and local taxes</p> <p>Excluded Payroll Costs: Compensation of an individual employee in excess of \$100K, federal payroll taxes, leave wages covered by the Families First Coronavirus Response Act</p>
Loan Uses	Payroll costs, mortgage interest payments, rent, utilities, and interest on prior debt during the 8 week period following the loan
Loan Terms	1.00% fixed rate with a maturity of 2 years; all payments are deferred for 6 months; Coverage Period - February 15, 2020 through June 30, 2020
Loan Forgiveness	<p>Loan forgiveness is equal to the amount the borrower spent on eligible loan uses during the 8 week period beginning on the date of the origination of the loan (75% of the loan must be used towards payroll costs)</p> <p>Reduced if:</p> <ul style="list-style-type: none"> • Workforce is reduced during the 8 week period compared to prior periods • Salary or wages are reduced by more than 25% during the 8 week period • Reduction is avoided if employer re-hires all employees laid off or increase their previously reduced wages by June 30, 2020
Guarantees	No collateral or personal guarantee are required
Lender Eligibility	SBA-guaranteed lenders
Documents Required	<ul style="list-style-type: none"> • 2019 940, 941, 944 IRS forms (payroll tax forms) • 2019 state unemployment tax forms • 2019 and January/Feb 2020 payroll summaries - Number of employees, health insurance costs, employee benefit contributions, employees with compensation in excess of \$100,000

Resources

- Loans are processed by the financial institutions and backed by the SBA; refer to the link for most active SBA lenders - <https://www.sba.gov/article/2020/mar/02/100-most-active-sba-7a-lenders>
- Link to Small Business Administration's Payroll Protection Program - <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program-ppp>
- Link U.S. Treasury Department's Paycheck Protection Program information sheet - <https://home.treasury.gov/system/files/136/PPP--Fact-Sheet.pdf>
- Payroll Protection Program Application Form - <https://home.treasury.gov/system/files/136/PPP-Borrower-Application-Form-Fillable.pdf>