The Independent Owner's Guide to the Paycheck Protection Program

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A few days ago, President Trump signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act into law. This $2 trillion stimulus is the most substantial relief package in U.S. history, and is supposed to be an aggressive response to the infamous COVID-19 pandemic.

The package intends to send resources to health-care providers, inject some relief into the pockets of taxpayers, and provide business owners with whatever needs they face in light of recent events.

There are a variety of programs aimed at helping small businesses.

The Emergency Economic Injury Grant – for a quick cash infusion, the Small Business Debt Relief Program – to help with payments on current SBA loans, and the Paycheck Protection Program (PPP) – to provide the necessary capital to cover the cost of retaining employees.

We're going to focus on the Paycheck Protection Program.

The SBA is responsible for administering the PPP. The goal of the program is to keep the national workforce employed during the crisis to allow the economy to "snap-back" more quickly following this disaster.

These are 100% federally guaranteed loans that may be fully forgiven if the funds are used for qualifying expenses, including:

- Payroll costs
- Continuation of group health care benefits
- Employee salaries, commissions, or similar compensations
- Payments of interest on any mortgage obligation
- Rent
- Utilities
- Interest on any other debt obligations that were incurred before the covered period

Business owners with fewer than 500 employees, sole proprietors, independent contractors, the self-employed, private 501c3 nonprofits, and 501c19 veteran organizations alike are eligible for the loan with no collateral, no personal guarantees and no SBA fees.

Forgiveness is calculated based on the maintenance of employees at their current salary level and the addition of other qualified expenses. The loans are retroactive to February 15, 2020, to help the workers who may already have been laid off to get back on the payroll. That said, if the number of active full-time employees declines or salaries are reduced, the amount of forgiveness will be reduced. For amounts not forgiven, the maximum term is ten years, with a maximum interest rate of 4%.

PPP loans are available from all current SBA 7(a) lenders. You should start with the bank you are currently associated with, though the Department of Treasury will be authorizing new lenders to meet the expected demand of small business owners.

You can find assistance from your local SBA District office by following this link:

https://www.sba.gov/local-assistance/find/?type=SBA%20District%20Office&pageNumber=1

Applications are expected to be accepted between April 3, 2020, and June 30, 2020.

For more answers to frequently asked questions about the PPP and other programs outlined in the CARES Act, download the U.S. Senate Committee on Small Business & Entrepreneurship's *Small Business Owner's Guide to the CARES Act.*