

Paycheck Protection Program (“PPP”)

The Paycheck Protection Program (“PPP”) is designed to keep small businesses, including qualifying nonprofit organizations, afloat during mandated Coronavirus Disease 2019 (“COVID-19”) related closures.

LOAN AMOUNT: Up to 2.5 months of payroll cost with a maximum of \$10 million.

LOAN TERMS: 1% interest, 5 year term, no collateral or personal guaranty.

ELIGIBLE BORROWERS:

- All small businesses in operation as of 2/15/20 with fewer than 500 employees.
- 501(c)(19) veteran groups, 501(c)(3)s, and tribal businesses with fewer than 500 employees.
- Self-employed individuals, independent contractors and sole proprietorships.

APPLICATION PROCESS: Apply directly through SBA-approved banks and loan offices. Loan fees are waived.

APPLICATION DEADLINE: August 8, 2020. Some loan offices stop taking applications two days prior.

FORGIVENESS: The SBA will provide loan forgiveness for funds applied to payroll cost, mortgage interest, rent, and utility expenses incurred after receiving funding and during the Covered Period. At least 60% must be spent on payroll costs and no more than 40% on other eligible non-payroll costs.

COVERED PERIOD: Twenty-four (24) weeks starting on the date of the disbursement of the loan proceeds or the first payroll payment made after disbursement.

USES: Payroll cost, mortgage interest, rent, and utility expenses. Payroll costs include: salary, wage, commission, or other compensation, cash tips, vacation, healthcare and family leave, retirement benefits and payroll taxes, but exclude compensation to any individual employee in excess of \$100,000/year, and compensation to employees with primary residence outside of the United States.

DEFERRED PAYMENTS: Automatic deferral of principal/interest payments for up to ten (10) months after the end of the Covered Period if loan forgiveness is not requested.

REHIRE PERIOD: Borrowers now have until December 31, 2020 to rehire workers, who were laid off or furloughed, and to restore employee compensation levels to levels prior to February 15, 2020.

LOAN FORGIVENESS APPLICATION:

<https://www.sba.gov/document/sba-form--paycheck-protection-program-loan-forgiveness-application>

This information is up to date as of July 17, 2020. It is intended to be used for informational purposes only and does not constitute legal, business, or tax advice. It is always best to consult with a qualified professional before making decisions with respect to matters referenced in this document.