

UNDERSTANDING THE SBA'S PAYCHECK PROTECTION PROGRAM

The Paycheck Protection Program (PPP) was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. This program can provide critical relief through partially forgivable loans for small businesses and nonprofits impacted by the COVID-19 Pandemic.

See the table below for more details.

Covered Period	Retroactive to 2/15/2020 through 6/30/2020
Eligible Business and Nonprofits	<p>Small business, 501(c)(3) nonprofits, tribal businesses, and veterans organizations that:</p> <ul style="list-style-type: none"> • Have less than 500 employees or less than the application size standard under SBA's NAICS regulations for their industry* • Are sole proprietors, self-employed, or independent contractors. • Were in business on February 15, 2020 <p><i>*Code 72 businesses (food and accommodation) are eligible if they have less than 500 employees per property.</i></p>
Maximum Loan Amount	<p>The lesser of:</p> <ul style="list-style-type: none"> • 2.5 x average monthly payroll for the 1-year period before the loan is made. • \$10 million.
Guarantees	SBA guarantees 100% of the loan.
Allowable Uses	Payroll costs, health care benefits, mortgage interest obligations, rent payments, utility payments, and interest on other debt obligations incurred prior to 2/15/20.
Eligible Lenders	Current SBA approved lenders and SBA and the Department of Treasury may approve additional lenders.
Maturity	Maximum 10-year maturity after application for forgiveness.
Interest rate	Not to exceed 4%.
Deferral	Not less than 6 months and not more than 1 year.
	<p>Recipients are eligible for forgiveness in the amount equal to the sum of the following costs incurred during the eight week period after the loans origination:</p> <ul style="list-style-type: none"> • Payroll costs (excluding compensation above \$100k). • Payment of mortgage interest or rent. • Utility payments. <p>The amount forgiven cannot exceed the amount borrowed. Forgiveness is proportionally reduced if the average number of employees is reduced during the covered period as compared to 2019. Forgiveness is reduced by the amount of any reduction in total salary or wages during the covered period that is in excess of 25%. Borrowers that rehire laid off workers prior to June 30 will not be penalized. The canceled loan amount will not count towards gross income for tax purposes.</p>
Fees	Borrower, lender, and prepayment fees are waived.
Borrower Requirements	<p>Good faith certification that the loan is necessary because of COVID-19.</p> <p>Certification the borrower is not receiving duplicative funds from another SBA Program.</p> <p>No collateral or personal guarantee required.</p>