

The Paycheck Protection Program (“PPP”) authorizes up to \$349 billion in forgivable loans to small businesses & nonprofits to pay their employees during the COVID-19 crisis. All loan terms will be the same for everyone. 501(c)(3) nonprofits with fewer than 500 employees are eligible to apply for the PPP loan/grant.

SBA (PPP) PAYCHECK PROTECTION PROGRAM

HOW TO APPLY



SBA (PPP) INFORMATION

BORROWERS

The loan amounts will be forgiven as long as the loan proceeds are used to cover payroll costs, and most mortgage interest, rent, and utility costs over the 8 week period after the loan is made; and Employee and compensation levels are maintained. Payroll costs are capped at \$100,000 on an annualized basis for each employee. Due to likely high subscription, it is anticipated that not more than 25% of the forgiven amount may be for non-payroll costs. Loan payments will be deferred for 6 months.

Starting April 3, 2020, small businesses and sole proprietorships can apply for and receive loans to cover their payroll and other certain expenses through existing SBA lenders. **Starting April 10, 2020**, independent contractors and self-employed individuals can apply for and receive loans to cover their payroll and other certain expenses through existing SBA lenders. Other regulated lenders will be available to make these loans as soon as they are approved and enrolled in the program.

You can apply through any existing SBA 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. Visit www.sba.gov for a list of SBA lenders.

WHEN CAN I APPLY



WHO CAN APPLY?



WHERE CAN I APPLY?



WHAT DO I NEED TO APPLY?



All businesses – including nonprofits, veterans organizations, Tribal business concerns, sole proprietorships, self-employed individuals, and independent contractors – with 500 or fewer employees can apply. Businesses in certain industries can have more than 500 employees if they meet applicable SBA employee-based size standards for those industries.
www.sba.gov/federal-contracting/contracting-guide/size-standards

You will need to complete the Paycheck Protection Program loan application and submit the application with the required documentation to an approved lender that is available to process your application by June 30, 2020. You will need to provide your lender with payroll documentation.



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COVID-19 PAYCHECK PROTECTION FAQ's

DO I NEED TO FIRST LOOK FOR OTHER FUNDS BEFORE APPLYING TO THIS PROGRAM? No. We are waiving the usual SBA requirement that you try to obtain some or all of the loan funds from other sources (i.e., we are waiving the Credit Elsewhere requirement).

HOW LONG WILL THIS PROGRAM LAST? Although the program is open until June 30, 2020, we encourage you to apply as quickly as you can because there is a funding cap and lenders need time to process your loan.

HOW MANY LOANS CAN I TAKE OUT UNDER THIS PROGRAM? Only one.

WHAT CAN I USE THESE LOANS FOR? You should use the proceeds from these loans on your:

- Payroll costs, including benefits;
- Interest on mortgage obligations, incurred before February 15, 2020;
- Rent, under lease agreements in force before February 15, 2020; and
- Utilities, for which service began before February 15, 2020.

WHAT COUNTS AS PAYROLL COSTS? Payroll costs include:

- Salary, wages, commissions, or tips (capped at \$100,000 on an annualized basis for each employee);
- Employee benefits including costs for vacation, parental, family, medical, or sick leave; allowance for separation or dismissal; payments required for the provisions of group health care benefits including insurance premiums; and payment of any retirement benefit;
- State and local taxes assessed on compensation; and
- For a sole proprietor or independent contractor: wages, commissions, income, or net earnings from self-employment, capped at \$100,000 on an annualized basis for each employee.

HOW LARGE CAN MY LOAN BE? Loans can be for up to two months of your average monthly payroll costs from the last year plus an additional 25% of that amount. That amount is subject to a \$10 million cap. If you are a seasonal or new business, you will use different applicable time periods for your calculation. Payroll costs will be capped at \$100,000 annualized for each employee.

HOW MUCH OF MY LOAN WILL BE FORGIVEN? You will owe money when your loan is due if you use the loan amount for anything other than payroll costs, mortgage interest, rent, and utilities payments over the 8 weeks after getting the loan. Due to likely high subscription, it is anticipated that not more than 25% of the forgiven amount may be for non-payroll costs.

YOU WILL ALSO OWE MONEY IF YOU DO NOT MAINTAIN YOUR STAFF AND PAYROLL.

- Number of Staff: Your loan forgiveness will be reduced if you decrease your full-time employee headcount.
- Level of Payroll: Your loan forgiveness will also be reduced if you decrease salaries and wages by more than 25% for any employee that made less than \$100,000 annualized in 2019.
- Re-Hiring: You have until June 30, 2020 to restore your full-time employment and salary levels for any changes made between February 15, 2020 and April 26, 2020.



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HOW CAN I REQUEST LOAN FORGIVENESS? You can submit a request to the lender that is servicing the loan. The request will include documents that verify the number of full-time equivalent employees and pay rates, as well as the payments on eligible mortgage, lease, and utility obligations. You must certify that the documents are true and that you used the forgiveness amount to keep employees and make eligible mortgage interest, rent, and utility payments. The lender must make a decision on the forgiveness within 60 days.

WHAT IS MY INTEREST RATE? Interest rate could be as low as 1.00% and is capped at 4.00% fixed rate.

WHEN DO I NEED TO START PAYING INTEREST ON MY LOAN? All payments are deferred for 6 months; however, interest will continue to accrue over this period.

WHEN IS MY LOAN DUE? In 10 years

CAN I PAY MY LOAN EARLIER THAN 10 YEARS? Yes. There are no prepayment penalties or fees.

DO I NEED TO PLEDGE ANY COLLATERAL FOR THESE LOANS? No. No collateral is required.

DO I NEED TO PERSONALLY GUARANTEE THIS LOAN? No. There is no personal guarantee requirement.

However, if the proceeds are used for fraudulent purposes, the U.S. government will pursue criminal charges against you.

WHAT DO I NEED TO CERTIFY? As part of your application, you need to certify in good faith that:

- Current economic uncertainty makes the loan necessary to support your ongoing operations.
- The funds will be used to retain workers and maintain payroll or to make mortgage, lease, and utility payments.
- You have not and will not receive another loan under this program.
- You will provide lender documentation that verifies the number of full-time equivalent employees on payroll and the dollar amounts of payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities for the eight weeks after getting this loan.
- Loan forgiveness will be provided for the sum of documented payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities. Due to likely high subscription, it is anticipated that not more than 25% of the forgiven amount may be for non-payroll costs.
- All the information you provided in your application and in all supporting documents and forms is true and accurate. Knowingly making a false statement to get a loan under this program is punishable by law.
- You acknowledge that the lender will calculate the eligible loan amount using the tax documents you submitted. You affirm that the tax documents are identical to those you submitted to the IRS. And you also understand, acknowledge, and agree that the lender can share the tax information with the SBA's authorized representatives, including authorized representatives of the SBA Office of Inspector General, for the purpose of compliance with SBA Loan Program Requirements and all SBA reviews

RESOURCES: SBA (PPP) & DISASTER LOANS

- www.sba.gov
- <https://www.sba.gov/federal-contracting/contracting-guide/size-standards>
- <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program-ppp>
- <https://disasterloan.sba.gov/ela>



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COVID-19 SBA DISASTER LOAN

WHAT IS AN SBA DISASTER LOAN?

- The U.S. Small Business Administration offers disaster assistance in the form of low-interest loans to businesses, renters, and homeowners located in regions affected by declared disasters
- These loans would help cover small businesses operating expenses after a declared disaster
- The goal of an SBA loan is to stabilize business operations and prepare them for recovery



WHO IS ELIGIBLE FOR THE LOAN?



- Most businesses not publicly traded, and private nonprofits are eligible for the SBA Disaster Loan.

HOW TO APPLY:

SIMPLE, 3-STEP PROCESS TO APPLY FOR A SBA DISASTER LOAN:

1. Apply for loan

Apply online (<https://disasterloan.sba.gov/ela>), in-person at a disaster center, or by mail

2. Loan processing decision made

Loan officers determine eligibility of the business
Loan officers will contact you to discuss recommendations and next steps

3. Loan closed and funds disbursed

SBA prepares and sends loan documents for signature
Once received, an initial disbursement will be made within 2-3 weeks



WHAT DOES THE LOAN COVER?

- Receiving a disaster loan is meant to stabilize small businesses and prepare them for recovery after economic injury
- Request what is needed for 12 months. Businesses can reapply for additional funds later
- Disaster loans may be used to pay fixed debts, payroll, accounts payable, and other bills that can't be paid because of the disaster's impact
- Disaster loans can not be used to refinance other debts or pay off other loans



WHAT ASSISTANCE IS AVAILABLE?

SMALL BUSINESSES CAN APPLY FOR A DISASTER LOAN UP TO \$2,000,000

- Low payments can be made over a 30-year term
- Small Business loans can have a fixed rate of 3.75% over 30 years
- Nonprofits can get a fixed rate of 2.75% with a \$10,000 in advance.
- Smaller loans at \$25,000 or less can be approved and paid out quickly with less application requirements from businesses



WHAT IS NEEDED TO APPLY?

- In order to apply, businesses should have an explainable financial history
- The SBA asks for three years of historic revenue, including seasonality and cyclical
- Be prepared to discuss and display repayment ability

DOCUMENTS NEEDED:

1. Business Loan Application (SBA Form 5)
2. IRS Form 450G-T from business and principal owners
3. Most recent Federal Income Tax Return copies and schedules
4. Personal Financial Statement (SBA Form 413) from business and principal owners
5. Schedule of Liabilities listing all fixed debts (SBA Form 2202 may be used)

ADDITIONAL INFORMATION THAT MAY BE NECESSARY:

- A current year-to-date profit and loss statement
- Additional Filing Requirements (SBA Form 1268) providing monthly sales figures



FAQS

What type of disaster loan do I qualify for if my business was affected by COVID-19? SBA Economic Injury Disaster Loan

How long will it take to get funds if I'm approved? Approved businesses can expect to receive funds within 2-3 weeks from the date of application

Can I receive up to \$2M per each business I own? Businesses that fall under the umbrella of a single owner/entity may only be able to apply for and receive up to \$2M total across their affiliated businesses

Can I still qualify if I have an existing SBA Loan (7a or 504, for example)? Yes, the funds are separate for disaster loans vs other SBA loan types, so you would still be eligible if you have an existing SBA loan