

SBA Paycheck Protection Program Fact Sheet

Overview:

The CARES Act created a new SBA loan program to cover payroll expenses during the COVID-19 pandemic. The Paycheck Protection Program will:

- Provide \$349 billion in 100% guaranteed, low interest, zero-fee loans of up to \$10 million with a deferred repayment of at least six months.
- The loan can be used to cover up to 8 weeks of payroll and any new Economic Injury Disaster Loan balances under \$10 million.
- Eligible applicants will apply to eligible lending institution once the SBA releases guidance.
- To keep up to date on when this program becomes available, and for more information, please visit the [Small Business Administration](#), contact your [local SBA District Office](#) and visit my [website](#).
- Borrowers can apply for loan forgiveness for the amount of payroll costs in addition to rent, mortgage interest, and utility costs sustained during an eight-week period after the loan is disbursed.
- **It is possible to forgive up to 100% of the loan** if the borrower has maintained the same number of employees and wages (excluding compensation over \$100,000) as when they receive the loan.

Who is eligible:

- Businesses or entities in operation on February 15, 2020;
- Small businesses, 501(c)(3) nonprofit organizations, s501(c)(19) veterans organizations, tribal business concerns that have fewer than 500 employees, or the applicable size standard in number of employees for the North American Industry Classification System (NAICS) industry as provided by SBA, if higher.
- Sole proprietorships, independent contractors, and the self-employed.
- Franchise businesses that employ not more than 500 employees per physical location and have an NAICS code beginning with 72, for which the affiliation rules are waived.
- Affiliation rules are also waived for any business operating as a franchise that is assigned a franchise identifier code by the SBA, and any company that receives funding through a Small Business Investment Company.

Loan size:

- PPP loans will be calculated in different ways depending on the size of your business.
The maximum loan size is always \$10 million.
 - The loan size is 250% of average monthly payroll costs for the one-year period before the loan is made. If you are a seasonal worker, it is 250% of average

monthly payroll costs from February 15, 2019, to June 30, 2019, or you can opt to choose March 1, 2019, as the time period start date.

- If the business is less than a year old, the maximum loan is equal to 250% of your average monthly payroll costs between January 1, 2020, and February 29, 2020.

Costs eligible for payroll:

- Compensation (salary, wage, commission, or similar compensation, payment of cash tip)
- Payment for vacation, parental, family, medical, or sick leave
- Allowance for dismissal or separation
- Payment required for group health care benefits, including insurance premiums
- Payment of any retirement benefit
- Payment of State or local tax assessed on the compensation of employees

Costs that are **not** eligible for payroll:

- Employee/owner compensation over \$100,000
- Taxes imposed or withheld under chapters 21, 22, and 24 of the IRS code
- Compensation of employees whose principal place of residence is outside of the U.S
- Certain qualified sick and family leave for which a credit is allowed

Use of Loan Funds:

- Businesses may use the funds for:
 - Payroll costs (all costs included above)
 - Costs related to group health care benefits during periods of paid sick, medical, or family leave, and insurance premiums
 - Employee salaries, commissions, or similar compensations (except as excluded above)
 - Payments of interest on any mortgage (but not payment or prepayment of principal)
 - Rent
 - Utilities
 - Interest on any other debt obligations that were incurred before the February 15, 2020.

Loan Terms:

- For any amounts not forgiven, the maximum term is 10 years, the maximum interest rate is 4 percent, zero loan fees, zero prepayment fee (SBA will establish application fees caps for lenders that charge).

Loan Forgiveness:

- Businesses can apply to their lender to forgive their loan for the amount of payroll costs plus payments of mortgage interest, rent, and utilities incurred during the 8-week period after the loan is disbursed. The amount that can be forgiven is proportionate to

maintaining employees and wages. Businesses must apply through your lender for forgiveness and provide:

- Documentation verifying the number of employees on payroll, their pay rate, IRS payroll and state income tax filings, and unemployment insurance filings;
- Documentation verifying payments of rent, mortgage interest, utilities, and other debt; and
- Certification from your business that the documentation provided is true and that amount of the loan that is being forgiven was used in line with the program's requirements.
- Any loan amounts not forgiven are carried forward as an ongoing loan with max terms of 10 years, at a maximum interest rate of 4 percent. Principal and interest will continue to be deferred for a total of 6 months to a year after disbursement of the loan.

How to apply:

- Eligible businesses will be able to apply to eligible financial institutions in the near future.
- To keep up to date on when this program becomes available, and for more information, please visit the [Small Business Administration](#), contact your [local SBA District Office](#) and visit my [website](#).