

PAYCHECK PROTECTION PROGRAM (PPP)

An SBA loan that helps businesses keep their workforce employed during the Coronavirus (COVID-19) crisis.

WHEN CAN YOU APPLY?

Small Businesses & Sole Proprietorships



Independent Contractors & Self-Employed Individuals



While the program is scheduled to be available through June 30, 2020, current funding is limited.



HOW TO APPLY:

- ▶ Apply with SBA-Approved Lender
- ▶ Visit [SBA.gov](https://www.sba.gov) for a list of SBA Lenders

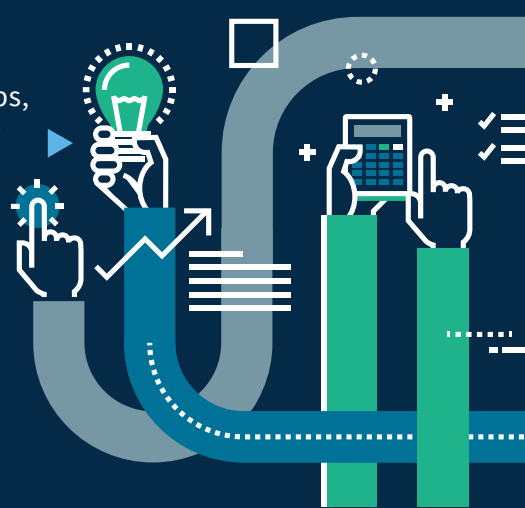
WHO CAN APPLY?

ALL BUSINESSES INCLUDING:

Nonprofits, veterans organizations, tribal business concerns, sole proprietorships, self-employed individuals, and independent contractors with **500 or fewer employees**

The CARES Act made 501(c)(3) non-profit organizations, including faith-based organizations, eligible to get PPP Loans, but organizations looking to take advantage of this need to pay careful attention as there are complex affiliation rules, and interested businesses need to determine their headcount.

Businesses in certain industries can have more than 500 employees if they meet applicable SBA employee-based size standards for those industries.



HOW MUCH CAN I BORROW?



Up to 2.5x the borrower's average monthly payroll costs, **not to exceed \$10 million.**

SC&H TIP: No payments are due for the first six months; however, interest accrues from the date of loan disbursement. Initially there was discussion around a one-year payment deferral.

ALLOWABLE LOAN USES INCLUDE:



PAYROLL



INSURANCE PREMIUMS



MORTGAGE AND RENT



UTILITY PAYMENTS

CALCULATING PAYROLL COSTS



SC&H TIP: Payroll costs for the 8-week testing period — which begins immediately following loan disbursement from lender to borrower — must be at least 75% of the loan forgiveness amount. Payroll costs include wages up to an annual rate of \$100,000 per person, state unemployment tax costs, employer paid health insurance, and employer paid retirement plan contributions.

WILL THE LOAN BE FORGIVEN?

THE LOAN WILL BE FULLY FORGIVEN IF THE FUNDS ARE USED FOR PAYROLL COSTS, INTEREST ON MORTGAGES, RENT, AND UTILITIES

75%

MUST BE USED FOR PAYROLL

Forgiveness is based on employer maintaining or quickly rehiring employees and maintaining salary levels. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease.



Loan payments will be deferred for six months.

No collateral or personal guarantees are required. Neither the government nor lenders will charge small businesses any fees.

This loan has a maturity of 2 years and an interest rate of 1%.

SC&H TIP: If 25% or less of the loan proceeds are used for interest on existing debt, rent and utility payments, that portion of the PPP loan may also be forgiven.

This is just a snapshot of the Paycheck Protection Program's (PPP) most important highlights. For a full breakdown of all the individual details, please visit: [sba.gov](https://www.sba.gov)