



COVID-19: Paycheck Protection Program

Background

The Coronavirus Aid, Relief, and Economic Security Act (CARES) contains a stimulus program called the Paycheck Protection Program (PPP) for businesses with fewer than 500 employees. The \$349 billion funded under the Small Business Administration (SBA) is intended to provide zero-fee loans to businesses to guarantee eight weeks of payroll and other costs to help those businesses remain viable and allow their workers to pay their bills. Program available through June 30, 2020.

PPP Eligibility

- Businesses and entities must have been in operation on Feb. 15, 2020.
- Businesses with < 500 employees, including:
 - Sole proprietorships
 - Independent contractors
 - Self-employed persons
- No collateral or guarantee required
- Businesses may qualify for loans up to \$10 million
 - Amount can be for up to two months of your average monthly payroll costs from the last year plus an additional 25% of that amount.
 - Payroll costs are capped at \$100,000 (annualized) for each employee, not including health care, retirement benefits and state and local taxes.
- Credit is not factored into loan eligibility.

PPP Terms and Repayment

- Interest Rates is 1%.
- Repayment:
 - Automatic six-month deferment
 - Maximum two-year term
 - Loan forgiveness available under certain conditions (not treated as taxable income)

Use of PPP in Your Practice

- PPP loans can be used on the following:
 - Employee salaries/wages
 - Paid sick or medical leave
 - Insurance premiums
 - Mortgage and rent
 - Utility payments
- You *cannot* use PPP for:
 - Any other costs
 - You can't double-dip with other COVID relief programs. Ex: You can't use PPP

for qualified sick and family leave wages if you're taking a tax credit for those under the Families First Coronavirus Response Act.

PPP Loan Forgiveness

Borrowers in the PPP can have their loan forgiven under the following circumstances:

- All employees are kept on the payroll for eight weeks.
- The loan proceeds are used as intended — payroll, rent/mortgage interest, utilities.
- No more than 25% of the loan forgiveness can be related to nonpayroll costs.

Note: Since the goal of the PPP is to encourage small businesses to retain employees, the amount of the loan available for forgiveness will be decreased if full-time headcount declines, or salaries/wages fall.

For more detailed information, visit home.treasury.gov/system/files/136/PPP--Fact-Sheet.pdf

You Can Also Apply for an Economic Injury Disaster Loans (EIDL)

You can apply for an EIDL in addition to a PPP loan, so long as you don't use the funds from each loan for the same expenses.

- If you have an EIDL and are then also granted a PPP Loan and you have used the EIDL for payroll, you must refinance it into the PPP loan.

Where to Apply for PPP

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. You should consult with your local lender as to whether it is participating. For a list of SBA lenders, visit

www.sba.gov/paycheckprotection/find.