

## Paycheck Protection Program (PPP)

- Eligibility: Any business which,
  - a. was in operation on 02/15/2020 and which employed less than a total of 500 full-time and part-time individuals
  - b. self-employed
- Deadline: Apply by June 30<sup>th</sup> 2020.
- Allows for a \$10,000 Emergency Grant
  - a. Does not have to be personally guaranteed by collateral
  - b. Can be used to pay the following expenses:
    - i. Providing Sick Leave
    - ii. Maintaining Payroll to retain employees.
    - iii. Meeting increased costs due to interruptions of supply chain.
    - iv. Making Rent or Mortgage Payments
    - v. Repaying obligations that cannot be met due to revenue losses.
    - vi. Any utilities defined as Electricity, Water, Gas, Transportation, Telephone, and Internet
- The loan forgiveness takes into account the 8 weeks when the loan proceeds are received.
- The legislation indicates that loan amounts will be determined based on prior period payroll reports. Small Business Administration (SBA) is offering a 2-year payback period with .5% interest (maximum of 10-year payback was authorized by the CARES act).
- Loan are made available through the small business administration and select private banks.
  - a. Forgiveness must be requested by the borrower and must be submitted to the grantor of the loan. Which can be the private bank or SBA, it is currently unspecified.
    - i. Private banks can request fees for applications and could potentially effect loan forgiveness.
  - b. Beware of fake lenders posing to offer PPP loans

If you previously applied for an EIDL (economic injury disaster loss) SBA loan, you can refinance \$10K to the PPP loan.

The maximum loan forgiveness is \$10,000 but starts to become limited based on the following criteria:

1. Payroll full time equivalents from a prior period compared to the current period
2. Current wages paid to an employee are less than a prior period paid to that same employee, in the excess of 25%, not counting wages paid over \$100K

Technical guidance on loan forgiveness has not been made available yet.

It is currently estimated that these loans can take up to 4 weeks to be approved. Be sure to plan your business accordingly.