



The Paycheck Protection Program (PPP)

Navigating the Program

The following businesses that were in operation before February 15, 2020 are eligible if:

- A small business with fewer than 500 employees
- A small business that otherwise meets the [SBA's size standard](#)
- An individual who operates as a sole proprietor
- An individual who operates as an independent contractor
- An individual who is self-employed who regularly carries on any trade or business

How Much Can Be Borrowed?

Loans can be up to 2.5 times your average monthly payroll, and are capped at \$10 million

What Lenders are looking for:

In evaluating eligibility, lenders are directed to consider whether the borrower was in operation before February 15, 2020 and had employees for whom they paid salaries and payroll taxes or paid independent contractors.

Lenders will also ask you for a good faith certification that:

- The uncertainty of current economic conditions makes the loan request necessary to support ongoing operations;
- The borrower will use the loan proceeds to retain workers and maintain payroll or make mortgage, lease, and utility payments;
- Borrower does not have an application pending for a loan duplicative of the purpose and amounts applied for through PPP; and
- From Feb. 15, 2020 to Dec. 31, 2020, the borrower has not received a loan duplicative of the purpose and amounts applied for here.

NOTE: There is an opportunity to fold emergency loans made between Jan. 31, 2020 and the date this loan program becomes available into a new loan.

If you are an independent contractor, sole proprietor, or self-employed individual, lenders will also be looking for certain documents such as payroll tax filings, Forms 1099-MISC, and income and expenses from the sole proprietorship.

Payroll costs to *include* in your application:

The sum of payments of any compensation with respect to employees that is a:

- salary, wage, commission, or similar compensation;

- payment for vacation, parental, family, medical, or sick leave
- allowance for dismissal or separation
- payment required for the provisions of group health care benefits, including insurance premiums
- payment of any retirement benefit
- payment of state or local tax assessed on the compensation of the employee

For Sole Proprietors, Independent Contractors, and Self-Employed Individuals: The sum of payments of any compensation to or income of a sole proprietor or independent contractor that is a wage, commission, income, net earnings from self-employment, or similar compensation and that is in an amount that is not more than \$100,000 in one year, as pro-rated for the covered period.

Payroll costs to *exclude* from your application:

- Compensation of an individual employee in excess of an annual salary of \$100,000, Payroll taxes, railroad retirement taxes, and income taxes;
- Compensation of an employee whose principal place of residence is outside of the US;
- Qualified sick leave wages for which a credit is allowed under section 7001 of the Families First Coronavirus Response Act (Public Law 116– 5 127); or
- Qualified family leave wages for which a credit is allowed under section 7003 of the Families First Coronavirus Response Act.

How Much can be forgiven?

The amount of loan forgiveness calculated above is reduced if there is a reduction in the number of employees or a reduction of greater than 25% in wages paid to employees. Due to high participation in the program, it anticipates that not more than 25% of the forgiven amount may be for non-payroll costs

A borrower is eligible for loan forgiveness equal to the amount spent on the following items during the 8-week period beginning on the date of the origination of the loan:

- Payroll costs (using the same definition of payroll costs used to determine loan eligibility)
- Interest on the mortgage obligation incurred in the ordinary course of business
- Rent on a leasing agreement
- Payments on utilities (electricity, gas, water, transportation, telephone, or internet)
- For borrowers with tipped employees, additional wages paid to those employees
- The loan forgiveness cannot exceed the principal.

How to Apply:

To apply for the PPP loan, businesses can call their current bank or lender directly, and the application is now live at the [SBA website](#). Banks are currently just beginning to accept applications and calling now to indicate interest in the loan can help businesses get in the queue quickly.