

Paycheck Protection Program (PPP) Loan Q&A

Who can get a loan?

Businesses, including self-employed and independent contractors, Nonprofits (501 C3), veterans' organizations (501 C19) and tribal business concerns, with less than 500 employees *per location* for restaurants and accommodations.

Where do I apply?

Any federally insured depository (bank or credit union)

How much can I borrow?

Up to \$10 million but not more than 2.5 times average monthly payroll

How much will be forgiven?

The principle balance of the loan will be reduced by an amount equal to all expenses for payroll, utilities, and rent or mortgage interest, during the 8-week period after the loan is granted. Any remaining principle balance will be amortized over a period of up to 10 years. However, the first payment will be deferred for 12 months.

How much is the interest rate?

Remaining principle balance after loan forgiveness will be charged interest not to exceed 4% but will vary depending on the length of term (up to 10 years).

What documentation will I need?

The guidelines have not yet been published, but it is clear you will need to establish an average monthly payroll. Otherwise, there is no credit underwriting, so no tax returns, financial statements, credit reports, guarantees, etc. will be required.

Does a business have to be negatively impacted by the COVID-19 virus in order to get a loan?

You will be required to attest that the COVID-19 virus has negatively impacted your business.

How long will it take to get approved?

It is anticipated that when the program is fully up and running, loans will be funded the same day the application is completed.

EXAMPLE:

A small business with fewer than 500 employees and an average monthly payroll of \$150,000 applies for a PPP loan with its bank. After attesting that the COVID-19 virus has impacted its business operations, the business receives a loan of \$375,000. Over the next 8 weeks it is determined that the business has incurred \$350,000 in eligible payroll, rent and utilities expenses. The principle balance of the loan is reduced to \$25,000 and amortized over 10 years

at an interest rate not to exceed 4%. The first loan payment is due 12 months later. The program prohibits SBA from charging fees to the lender and the borrower.