

PAYCHECK PROTECTION PROGRAM

What is the Paycheck Protection Program (PPP)?

A new \$350 billion loan program at SBA for small businesses to stay afloat during the COVID-19 health crisis. If employers maintain payroll, the loans would be forgiven.

Who is Eligible?

- ▶ Any business concern, 501 (c) (3) organization, veteran's organization, or Tribal business concern that no more than 500 employees
- ▶ Sole proprietors
- ▶ Independent Contractors
- ▶ Self-employed individuals
- ▶ Faith Based Organizations that operate as a 501 (c) (3)

How Does the Process Work?

All current 7(a) lenders are eligible lenders. Plus, the Department of Treasury will authorize new lenders to help expedite the processing and delivery of capital to small businesses. Please visit www.sba.gov for a list of lenders.

How Can I Apply?

Interested borrowers are encouraged to inquire with a local 7(a) lender, community bank or credit union. For a list of participating lenders visit <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program-ppp>

How Much?

The maximum size of the loan is 250% of an employer's average monthly payroll cost during the period Feb. 15, 2019 to June 30, 2019, capped at \$10 million.

How Can I Use It?

- ▶ Employee compensation, including: salaries, wages, commissions, or similar compensation; cash tips or equivalents; vacation, parental, family, medical, or sick leave; payment required for providing group health care benefits (including insurance premiums); payment of retirement benefits;
- ▶ and payroll taxes
- ▶ Any compensation or income of a sole proprietor or independent contractor no greater than \$100,000 in one year
- ▶ Payment of interest on mortgage obligations, rent, utilities, and interest on pre-existing debt obligations

Why a PPP Loan?

- ▶ Waives guarantee and annual fees to keep costs low
- ▶ Waives credit elsewhere requirement, personal guarantee requirement, and collateral requirements to expedite the loan approval process
- ▶ Defers repayment of principal, interest, and fees for 6 months to give small business time to get through the crisis
- ▶ Forgives loans if employers maintain their payrolls

EIDL LOAN or GRANT

What is An Economic Injury Disaster Loan (EIDL)?

A low-interest, fixed rate loan that can provide up to \$2 million in assistance for small businesses that can be used to pay immediate expenses during an emergency.

What is an EIDL Grant?

The CARES Act creates a \$10 billion grant program, leveraging SBA's Office of Disaster Assistance to provide small businesses with quick, much-needed capital.

Who is Eligible?

- ▶ Private nonprofit organizations, small agricultural cooperatives
- ▶ Businesses; cooperatives, ESOPs; and tribal business concerns with 500 or fewer employees
- ▶ Independent Contractors
- ▶ Sole Proprietors
- ▶ Faith Based Organizations that operate as a 501(c)(3)

How Does the Process Work?

- ▶ Eligible applicants who apply for an EIDL may request up to \$10,000 be immediately be disbursed. The amount need not to be repaid, regardless of the loan decision
- ▶ EIDL borrowers may apply for the Paycheck Protection Program, but when determining loan forgiveness, the advance EIDL grant is taken into consideration

How Can I Apply?

- ▶ SBA Online Portal at <https://covid19relief.sba.gov/#/>
- ▶ Download the PDF on the agency's website and mail the forms.

How Much?

A million small businesses are eligible to receive up to \$10,000.

How Long Will the Process Take?

The legislation requires the SBA to disburse the funds within three days of receiving the application.

How Can It Be Used?

- ▶ Any allowable purpose under the EIDL program
- ▶ Provide paid sick leave, maintain payroll, and meet increased cost
- ▶ Make rent or mortgage payments, and repaying unmet obligations



www.bsba-ca.org