



Paycheck Protection Program 101

If you've been self-employed or run a small business since before the pandemic and your income has been adversely affected as a result of the coronavirus, you still have until June 30 to apply for PPP funds. Nearly \$130 billion still has yet to be used from the Paycheck Protection Program (PPP) fund!

What is the PPP?

The PPP is a forgivable loan to help businesses retain employees by assisting with payroll and eligible expenses (like rent and utilities.) Small business is defined as less than 500 employees (although there are some **allowances outside this.**)

Who administers the funding for the PPP?

The Small Business Administration (SBA) via your bank or lending institution.

How much funding is available?

Eligible businesses can borrow 2 ½ times of their average monthly payroll up to a maximum amount of \$10M.

How does my loan become forgivable?

The loan will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities. Borrowers must use at least 60% of the PPP loan for payroll costs, and not more than 40% of the loan forgiveness amount may be attributable to non-payroll costs.

For loans made after June 5, 2020, businesses will have 24-weeks from receipt of the loan in which to spend the proceeds in order to qualify for loan forgiveness. Businesses will have until December 31, 2020 to restore hiring numbers and be eligible for full forgiveness, even if their 24-week period expires sooner.

What else do I need to know about the PPP program?

- All costs associated with payroll (including health benefit payments) are eligible expenses.
- Businesses may only use PPP funds for the first \$100,000 in payroll per employee.
- Collateral to cover the loans is not required to apply.
- If your loan isn't fully forgiven, loan payments may be deferred for ten months. Neither the government nor lenders will charge small businesses any fees.
- Loans issued prior to June 5 have a maturity of 2 years. Loans issued after June 5 have a maturity of 5 years. All loans have an interest rate of 1%.

How do I apply?

Eligible businesses have until June 30, 2020, to apply for a PPP loan. Start by talking to your local business banking partner.

For more information about the Paycheck Protection Program, visit the [SBA's website](#).