U.S. SMALL BUSINESS ADMINISTRATION
PAYCHECK PROTECTION PROGRAM (PPP)

QUICK SHEET

FUNDING OPPORTUNITY’S OBJECTIVE
The Paycheck Protection Program (PPP) is a U.S. Small Business Administration (SBA) loan that is designed to help small businesses during the COVID-19 crisis, by providing a direct incentive in keeping their workforce on payroll. SBA will forgive the PPP loan if all employee retention criteria are met, and the funds are used for eligible expenses. The SBA resumed accepting Paycheck Protection Program applications from participating lenders on July 6, 2020. The deadline to apply is August 8, 2020.

AMOUNT OF FUNDING AVAILABLE
Funding for this program is still available. According to the Paycheck Protection Program Borrower Application Form, the loan amount awarded will depend on “calculating ‘Average Monthly Payroll,’ and most applicants will use the average monthly payroll for 2019, excluding costs over $100,000 on an annualized basis for each employee.” Instructions on how to calculate PPP loan amounts by business type are available here.

ELIGIBILITY
The following entities affected by COVID-19 may be eligible:

- Any small business concern that meets SBA’s size standards (either the industry based sized standard or the alternative size standard).
- Any business, 501(c)(3) non-profit organization, 501(c)(19) veterans organization, or Tribal business concern (sec.31(b)(2)(c) of Small Business Act) with the greater of:
  - 500 employees, or
  - That meets the SBA industry size standard if more than 500.
- Any business with a NAICS Code that begins with 72 (Accommodations and Food Services) that has more than one physical location and employs less than 500 per location.
- Sole proprietors, independent contractors, and self-employed persons.

REQUIREMENTS TO APPLY
Individuals may apply through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating. Individuals should consult with their local lender as to whether it is participating in the program.

Applicants must complete an SBA Form 2483, and submit it to their lender (or the lender that is servicing the applicant's loan).

A complete list of lenders by state can be accessed here.
CONSIDERATIONS

- The loan will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities.
  - At least 60% of the forgiven amount must be used for payroll.
  - 40% of funds can be used for mortgage interest, rent and utilities.
- Forgiveness is based on the employer maintaining or quickly rehiring employees and maintain salary levels. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease.
- Employees must be rehired by December 31, 2020.
- The loan forgiveness form and instructions include several measures to reduce compliance burdens and simplify the process for borrowers. Borrowers can access the loan forgiveness form and instructions here.
- Flexibility to include eligible payroll and non-payroll expenses paid or incurred during the 24-week period after receiving their PPP loan.
- 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%.
- Loan payments may be deferred for six months.
- No collateral or personal guarantees are required.
- Neither the government nor lenders will charge small businesses any fees.

An applicant must not be (Have):

- Presently suspended, debarred, proposed for debarment, declared ineligible, voluntarily excluded from participation in the PPP by any federal department or agency, or presently involved in any bankruptcy.
- Ever obtained a direct or guaranteed loan from SBA or any other federal agency that is currently delinquent or has defaulted in the last 7 years and caused a loss to the government.
- Owning 20% or more of the equity of the Applicant presently incarcerated or, for any felony, presently subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction.
- Within the last 5 years, for any felony involving fraud, bribery, embezzlement, or a false statement in a loan application or an application for federal financial assistance, or within the last year, for any other felony, 1) been convicted; 2) pleaded guilty; 3) pleaded nolo contendere; or 4) been placed on any form of parole or probation (including probation before judgment).

WHO CAN BE CONTACTED TO PROVIDE TECHNICAL ASSISTANCE AND SUPPORT?

For application assistance, please contact your local lender as to whether it is participating in the Paycheck Protection Program.

To find eligible Paycheck Protection Program Lenders you may visit here.

SBA provides local assistance via 68 district offices and a nationwide network of resource partners. To find resources near you, please click here.

Assistance is available through the Small Business Development Centers located throughout the state:

http://www.nmsbdc.org/

Please check the SBA Paycheck Protection Program website located here, for any program updates.

Source: sba.gov