

SBA Paycheck Protection Program:

- The interest rate is 1%
- Maturity is 2 years
- First payment is due in 6 months
- SBA guarantees 100% of the loan
 - No collateral or personal guarantee is required
- Borrowers can only receive ONE PPP loan
- The program goes live tomorrow for non-sole proprietors. Sole props and independent contractors can apply starting 4/10
- Businesses must have been in operation 2/15/20 to qualify
- E-signatures will be used for all owners
- Loan can include funds for:
 - Payroll costs
 - Costs related to group health care benefits, paid sick, medical and family leave, insurance premiums
 - Interest on mortgage obligations (not the mortgage payment itself)
 - Rent or lease payments
 - Utilities
 - Interest payments on other debt obligations incurred before 2/15/20
 - Refinancing an EIDL loan made between 1/31/20-4/3/20 if that loan included payroll costs
 - If the EIDL loan included payroll it MUST be refinanced into the PPP loan, minus the \$10k advance
- Documentation to establish eligibility include:
 - Payroll processor records
 - Payroll tax filings
 - Form 1099-MISC for independent contractors
 - Income and expense report for sole props
 - Borrowers who do not have that information can supply supporting documentation like bank records
- Eligibility is based on the following calculation:
 - Aggregate payroll costs for the last 12 months for employees earning up to \$100,000
 - Divide that number by 12 months
 - Multiply that amount by 2.5
 - Add any outstanding EIDL proceeds for loans made between 1/31/20-4/3/20 (minus any \$10k advance)
 - Annual payroll: \$120,000
 - Average monthly payroll: \$10,000
 - Multiply by 2.5: \$25,000 total loan amount
- Payroll costs include:
 - Salary
 - Wages
 - Commissions
 - Tips (Based on employer records or a reasonable good faith estimate of tips)
 - Payment of vacation, parental, family, medical or sick leave

- Allowance for separation/dismissal
- Payments for group health coverage including insurance premiums
- Retirement payments
- Payment of state and local taxes assessed on compensation of employees
- For sole props:
 - Wages
 - Commissions
 - Income
 - Net earnings from self-employment or similar compensation
- What is NOT included as payroll:
 - Federal employment taxes imposed or withheld between 2/15/20 and 6/30/20
 - Qualified sick and family leave for which a credit is allowed under sections 7001 and 7003 of the Families First Coronavirus Response Act
- The full amount of the loan can be forgiven if the proceeds were used for specified expenses
 - HOWEVER, only 25% of the forgiven amount can be non-payroll expenses (mortgage interest, lease payments, utilities)
- Forms needed for an application include:
 - SBA Form 2483 Paycheck Protection Program Application Form
 - Payroll documentation
- Lenders must provide
 - SBA Form 2484 Paycheck Protection Program Lender's Application for a 7(a) Loan Guaranty
- Lenders eligible to make PPP loans include
 - Current 7(a) lenders
 - Eligibility can be extended to additional lenders determined to have the necessary qualifications to close, disburse and service loans made with an SBA guarantee and are not currently designated to be in "Troubled Condition" including
 - Any federally insured depository institution or federally insured credit union
 - Any depository or non-depository financing provided that:
 - Originates, maintains and services business loans or other financial receivables and participation interests
 - Has a formalized compliance program
 - Applies the requirements under the BSA as a federally regulated financial institution, or the BSA requirements of an equivalent federally regulated financial institution
 - Has been operating since at least 2/15/19 and has originated more than \$50 million in business loans or other commercial financial receivables during a consecutive 12 month period in the last 36 months
 - Is a service provider to any insured depository institution that has a contract to support such institution's lending activities
 - Qualified institutions will be automatically qualified under authority delegated by the SBA upon transmission of the CARES Act Section 1102 Lender Agreement – SBA Form 3506
- With respect to underwriting, lenders shall:
 - Confirm receipt of borrower certifications contained in the PPP Application Form
 - Confirm receipt of information demonstrating that a borrower had employees whom the borrower paid salaries and payroll taxes on or around 2/15/20

- Confirm the dollar amount of average monthly payroll costs for the preceding calendar year by reviewing the payroll documentation submitted with the borrower's application
 - Follow applicable BSA requirements
- Forgivelessness:
 - Lenders do not have to conduct any verification if the borrower submits documentation supporting its request for loan forgiveness and attests that it has accurately verified the payments for eligible costs
- Lenders will be paid:
 - 5% for loans under \$350,000
 - 3% for loans \$350,000-\$2,000,000
 - 1% for loans \$2,000,000 and above
- Fees:
 - There is no up-front guarantee fee payable to SBA by borrower
 - There is no lender's annual service fee
 - There is no subsidy recoupment fee
 - There will be no fee payable to the SBA for any guarantee sold to a secondary market
- Loans sold to a secondary market:
 - A PPP loan may be sold to a secondary market at a premium or a discount par value
- A lender may request that SBA purchase the expected forgiveness amount of a PPP loan or pool of PPP loans **at the end of week seven** of the covered period
 - To submit a PPP loan or pool of PPP loans for advance purchase, a lender shall submit a report requesting the advanced purchase with the expected forgiveness amount to the SBA
 - This report shall include:
 - The PPP Application Form (SBA Form 2483)
 - Any supporting documentation
 - The PPP Lender's Application for 7(a) Loan Guaranty (SBA Form 2484)
 - A detailed narrative explaining the assumptions used in determining the expected forgiveness amount, the basis for these assumptions, alternative assumptions considered, and why alternative assumptions were not used
 - Any information obtained from the borrower since the loan was disbursed that the lender used to determine the expected forgiveness amount, which should include the same documentation required to apply for loan forgiveness such as payroll tax filings, cancelled checks or other documentation
 - The Administrator will purchase the expected forgiveness amount of the PPP loans(s) within 15 days of the date on which the Administrator receives a complete report