

Paycheck Protection Program Borrower FAQ

1. What is the Paycheck Protection Program?

On Friday, March 27, Congress approved the CARES Act which includes the very important Paycheck Protection Program. This program will directly help small businesses (<500 employees) by providing cash-flow assistance through 100% federally guaranteed loans to employers who maintain their payroll during this emergency. If employers maintain their payroll, the loan amount is forgiven, as long as the loan funds are only used for permitted purposes (payroll costs, mortgage payments, lease obligations, interest on prior indebtedness, certain utilities, additional wages paid to tipped employees). The goal is to help workers remain employed, as well as help affected small businesses and our economy snap-back quicker after the crisis. PPP has a host of attractive features:

- Potential forgiveness of the loan amount based on employee retention and salary levels;
- No SBA fees; and
- Loan payments will be deferred for six months.

2. What types of businesses and entities are eligible to apply under the Paycheck Protection Program?

- Businesses and entities must have been in operation on February 15, 2020.
- Small business concerns, as well as any business concern, a 501(c)(3) nonprofit organization, a 501(c)(19) veterans organization, or Tribal business concern described in section 31(b)(2)(C) that has fewer than 500 employees or fewer employees than established by the relevant industry code.
- Individuals who operate a sole proprietorship or as an independent contractor and eligible self-employed individuals.
- Any business concern that employs not more than 500 employees per physical location of the business concern and that is assigned a North American Industry Classification System code beginning with 72, for which the affiliation rules are waived.
- Affiliation rules are also waived for any business concern operating as a franchise that is assigned a franchise identifier code by the Administration and company that receives funding through a Small Business Investment Company.

3. How much money can I borrow?

In general, eligible recipients are eligible to borrow the **lesser** of 2.5x Average Monthly Payroll Costs from 2019 or \$10 million. Payroll costs are defined as:

- the sum of payments of any compensation with respect to employees that is a:
 - salary, wage, commission, or similar compensation;
 - payroll costs are capped at \$100,000 on an annualized basis for each employee.

25. When is my loan due?

In 2 years

26. Can I pay my loan earlier than 2 years?

Yes. There are no prepayments penalties or fees.

27. Do I need to first look for other funds before applying to this program?

No. We are waiving all the usual SBA requirement that you try to obtain some or all of the loan funds from other sources (i.e., we are waiving the Credit Elsewhere requirement).

28. Do I need to pledge any collateral for these loans?

No. Collateral is not required for loans funded under the PPP.

29. Do I need to personally guarantee this loan?

No. There is no personal guarantee requirement for loans funded under the PPP. However, if loan proceeds are used for fraudulent purposes, the U.S. Government will pursue criminal charges against you.

30. What tax documents are acceptable for an applicant business to submit for payroll documentation?

- Four 2019 quarterly filed IRS Form 941s or;
- 2019 IRS W-3

31. What documentation is needed for a self-employed individual applying under PPP?

- 2019 Schedule C of Individual Tax Return or;
- 2019 IRS Form 1099

32. What is the maximum monthly salary allowed per employee?

The maximum monthly salary allowed per employee in the monthly average payroll is \$8,333.