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The United States Small Business Administration launched the **Paycheck Protection Program** which is designed to provide a direct incentive for qualifying small and medium-sized businesses to enable them to pay their employees for 8 weeks during the COVID-19 pandemic. An important aspect of this program is that these costs will be **fully forgiven** if businesses retain full employment or re-hire employees laid off after February 15, 2020 and the funds are used for payroll, rent, mortgage interest or utilities.

This program is part of the CARES ACT (*Coronavirus Aid, Relief, and Economic Security Act*) that was signed by the President on March 27, 2020 authorizing up to \$349 billion of forgivable loans. **The Paycheck Protection Program is available from April 3, 2020 through June 30, 2020.** Information on where and how to apply, as well as additional details, is provided in the attached links at the end of this document.

This summary is not intended to be legal advice, but is rather to serve as an additional resource. The terms and conditions of your loan documentation define your legal obligations and control if there is any conflict with the summary below. As always, seek the advice of your legal advisor if you have questions or concerns.

Paycheck Protection Program Summary of Terms	
<b>Who is eligible for a Paycheck Protection Loan?</b>	<p>Any small business with less than 500 employees, including sole proprietorships, independent contractors, self-employed persons, private non-profit organization, and 501(c)(19) veterans organizations affected by coronavirus/COVID-19, is eligible to apply. Click here to access the <a href="#">SBA Size Standards Tool</a> to determine if your business qualifies as a small business.</p> <p>Businesses in certain industries may have more than 500 employees if they meet the SBA's size standards for those industries:</p> <ul style="list-style-type: none"> <li>• Contractors – 238220           <ul style="list-style-type: none"> <li>○ Plumbing, Heating and Air-Conditioning Contractors</li> <li>○ Generally &lt; \$16,500,000</li> </ul> </li> <li>• Distributors – 423730           <ul style="list-style-type: none"> <li>○ Warm Air Heating and Air Conditioning Equipment and Supplies Merchant Wholesalers</li> <li>○ Small Business Size Standards &lt; 500 employees</li> </ul> </li> </ul>
<b>What does the loan cover?</b>	<p>Eight weeks of eligible payroll, mortgage interest, rent and utility expenses between February 15, 2020 and June 30, 2020.</p>



<p><b>Maximum Loan Amount</b></p>	<p>The maximum loan amount can be up to 2.5 times your business’ average monthly payroll costs but cannot exceed \$10 million. Visit the <a href="#">Interim Final Rule</a> for a detailed description of the program including loan examples.</p>
<p><b>Do I first have to seek other sources of capital?</b></p>	<p>No. You will, however, be required to make certain certifications, including that you are not receiving duplicative funds for the same uses from another SBA program.</p>
<p><b>When can I apply for a Paycheck Protection Loan?</b></p>	<p>For small businesses and sole proprietorships, you may apply starting April 3, 2020.</p> <p>For independent contractors and self-employed individuals, you may apply starting April 10, 2020.</p>
<p><b>When is the deadline for applying for a Paycheck Protection Loan?</b></p>	<p>June 30, 2020. <b><u>Since funds are limited and will be distributed on a first-come, first-served basis, you are encouraged to apply as soon as possible.</u></b></p>
<p><b>How do I apply for a Small Business Administration Paycheck Protection Program (PPP) Loan?</b></p>	<p>Complete the Small Business Administration Paycheck Protection loan <a href="#">Application</a> and submit with the required documentation to any existing SBA-approved lender, or through any federally insured depository institution, federally insured credit union, or Farm Credit System institution that is participating. Visit the <a href="#">Find Eligible Lenders</a> tool for a list of SBA-approved lenders.</p>
<p><b>What documentation do I need to submit with my Paycheck Protection Loan?</b></p>	<p>The following is a typical example of information your bank may require you include with your loan application:</p> <ul style="list-style-type: none"> <li>• 2019 Payroll – including last 12 months of payroll</li> <li>• 2019 Employees – 1099s for 2019 employees and independent contractors that would otherwise be an employee of your business (Note: Do NOT include 1099s for services)</li> <li>• Healthcare Costs – all health insurance premiums paid by the business owner under a group health plan</li> <li>• Retirement – your company retirement plan funding paid for by the company</li> </ul> <p>Please note: Requirements from each bank may differ. Therefore, it is recommended you check with your bank / lending institution to see what documentation they may require to complete an application.</p>



<p><b><i>What can I use the Paycheck Protection Loan for?</i></b></p>	<p>You should use the proceeds from the Paycheck Protection Loan on your:</p> <ul style="list-style-type: none"> <li>• Payroll costs, including benefits</li> <li>• Interest on mortgage obligations incurred prior to February 15, 2020</li> <li>• Rent, under lease agreements in force before February 15, 2020</li> <li>• Utilities, for which service began before February 15, 2020</li> </ul>
<p><b><i>Will my Paycheck Protection Loan be forgiven?</i></b></p>	<p>The loan will be <u>fully forgiven</u> if the funds are used for payroll costs, mortgage interest, rent and utilities and at least 75% of the forgiven amount is used for payroll. Forgiveness is also based on you maintaining, or quickly rehiring, employees and maintaining salary levels.</p>
<p><b><i>What about any unforgiven portion of the loan?</i></b></p>	<p>Any unforgiven portion of the loan will mature in 2-years. Payments will defer for 6 months. However, interest will accrue during that period and the rate is at 1%.</p>
<p><b><i>What are the terms of a Paycheck Protection Loan?</i></b></p>	<p>The main features of a Paycheck Protection Loan include:</p> <ul style="list-style-type: none"> <li>• 1.00% fixed interest rate</li> <li>• 6-month deferment on payments (with interest accruing)</li> <li>• Due in 2 years (with no pre-payment penalty)</li> <li>• No collateral requirement</li> <li>• No personal guarantee requirement</li> </ul>
<p><b><i>Can I apply for more than one Paycheck Protection Loan?</i></b></p>	<p>No, you may not receive more than one Paycheck Protection Loan.</p>

The Small Business Association is anticipated to provide additional guidance on this program, and so we encourage you to regularly consult the following resources for the most up to date information:

- [SBA Paycheck Protection Program](#)
- [U.S. Department of Treasury - Assistance for Small Businesses](#)
- [Application Form](#)
- [Find Eligible Lenders](#)