**Small Business Owner’s Guide**

**Paycheck Protection Program Loan (PPP) –** Below is a summary of what we know at this point about the PPP. SBA guidance and information will be forthcoming.

|  |  |
| --- | --- |
| Total Loan Amount | The maximum loan amount is **the lesser of**:   * 2.5 times the average total monthly payroll costs\* incurred in the one-year period before the loan is made (special rules exist for seasonal employers and businesses not in existence beginning 2/15/2019 and ending on 6/30/2019); * plus the outstanding amounts of any Emergency Injury Disaster Loan (EIDL) obtained on or after January 31, 2020 that will be refinanced under this loan; or, * $10,000,000 |
| Eligible Businesses | * Must have been in operation on February 15, 2020 * Small businesses, any business concern, 501(c)(3) nonprofit organization, veterans organizations, and Tribal small business concerns that employs fewer than 500 employees or the applicable size standard number of employees for the NAICS industry as provided by the SBA, if higher * Individuals who operate as sole proprietorship or as independent contractor and eligible self-employed individuals * Affiliation rules are waived for any business concern with more than one physical location, if it employs 500 or fewer employees per physical location and to the “accommodation and food services” sector (NAICS code beginning with 72\*\*) * Affiliation rules are also waived for any business concern operating as a franchise that is assigned a franchise identifier code by the SBA, and any business that receives funding through a Small Business Investment Company |
| Application Period | From February 15, 2020 to June 30, 2020 (covered period) |
| Allowable Uses of Loan Proceeds | * Payroll costs\* * Costs related to the continuation of group health benefits during periods of paid sick, medical, or family leave, and insurance premiums * Employee salaries, commissions, or similar compensations (with some exclusions) * Payments of interest on any mortgage obligation (excludes prepayment) * Rent (including rent under a lease agreement) * Utilities * Interest on any other debt obligations that were incurred before February 15, 2020 |
| Collateral | None required |
| Personal Guarantees | None required |
| Deferral of Payment | Complete payment deferral (principal, interest and fees) for 6 months to one year for borrower who is in operation on February 15, 2020 and has an application for a covered loan that is approved or pending after March 27, 2020 |
| Loan Forgiveness & Taxability | Loan is forgiven in an amount (not to exceed the principal amount of the loan) equal to the following costs incurred and payments made during the eight week period after this loan is made:   * Payroll costs \* * Payment of interest on any covered mortgage * Payment of rent under a lease in force before 2/15/20 * Payment of utilities (electricity, gas, water, telephone or internet access for which service began before 2/15/20)   Forgiveness amounts will be reduced for any employee cuts or reductions in wages (there are formulas that will be used to calculate the reduction). There is relief from forgiveness reductions for employers who rehire employees or make up for wage reductions by June 30, 2020.  Forgiveness amounts are excluded from gross income for federal income tax purposes. |
| Documentation for Loan Forgiveness | You must apply through the Bank for forgiveness on your loan. In this application, you must include:   * Documentation verifying the number of employees on payroll and payroll rates, including IRS payroll tax filings and state income, payroll and unemployment insurance filings * Documentation including cancelled checks, payment receipts, transcripts of accounts, or other documents verifying payments on covered mortgage obligations, lease obligations, and utilities * Certification from a representative of your business or organization that is authorized to certify that the documentation provided is true and that the amount that is being forgiven was used to retain employees and make interest payments on mortgages, make rent payments, and utility payments |
| Loan Term, Interest Rate and Fees | For any amounts not forgiven:   * Maximum term of 10 years * Maximum interest rate is 4% * No loan fees * No prepayment fee |
| Certification Requirements | Recipient applying for a PPP loan must make a good faith certification that:   * The loan is needed to continue operations during the COVID-19 emergency * Funds will be used to retain workers and maintain payroll or make mortgage, lease, and utility payments * The applicant does not have any other applications pending under this program for the same purpose, and * From February 15, 2020 until December 31, 2020, the applicant has not received amounts under this program for the same purposes |

Loans will be fully guaranteed by the federal government.

*--All information is pending further approval and is subject to SBA guidelines--*

**\*Average total monthly payments for the following payroll costs:**

* Salary, wage, commission, or similar compensation
  + payment of cash tip or equivalent
  + payment of vacation, parental, family, medical, or sick leave
  + allowance for dismissal or separation
  + payment required for the provisions of group health care benefits, including insurance premiums
  + payment of any retirement benefits
  + payment of state or local tax assessed on the compensation of employees
  + compensation to sole proprietors or independent contractors (including commission-based compensation) up to $100,000 in 1 year, prorated for the covered period

*Excludes: compensation of an individual employees or owner in excess of $100,000 prorated for the period beginning February 15, 2020 and ending June 30, 2020; taxes imposed or withheld under FICA (Social Security and Medicare), Rail Road Retirement Act and income tax at source on wages (income tax withholding); compensation to employees whose principal place of residence is outside the U.S.; and, sick and family leave wages for which credit is allowed under the Families First Coronavirus Response Act.*

**\*\*Below is a list of industries with a NAICS code beginning with 72:**

* Hotels and Motels
* Casino Hotels
* Bed-and-Breakfast Inns
* All Other Traveler Accommodation
* RV Parks and Campgrounds
* Recreational and Vacation Camps
* Rooming and Boarding Houses, Dormitories, and Workers’ Camps
* Food Service Contractors
* Caterers
* Mobile Food Services
* Drinking Places (Alcoholic Beverages)
* Full-Service Restaurants
* Limited-Service Restaurants
* Cafeterias, Grill Buffets, and Buffets
* Snack and Non-Alcoholic Beverage Bars