



Paycheck Protection Program Loans

[CLICK HERE](#) to access the online Paycheck Protection Loan Application.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act allocated \$350 billion to help small businesses keep workers employed amid the pandemic and economic downturn. Known as the Paycheck Protection Program, the initiative provides 100% federally guaranteed loans to small businesses.

Importantly, these loans may be forgiven if borrowers maintain their payrolls during the crisis or restore their payrolls afterward.

The program, established under the CARES Act, provides cash-flow assistance through 100 percent federally guaranteed loans to employers who maintain their payroll during the COVID-19 emergency. If employers maintain their payroll, the loan is forgiven based on certain guidelines. PPP has a host of attractive features, such as forgiveness of up to 8 weeks of payroll (and certain other expenses) based on employee retention and salary levels, no SBA fees, and at least six months of deferral with maximum deferrals of up to a year. Small businesses and other eligible entities will be able to apply if they were harmed by COVID-19 between February 15, 2020 and June 30, 2020. **Loans are available through June 30, 2020, and the CARES Act provides for a pool of \$349 billion.**

All current SBA lenders are eligible lenders for PPP. The Department of Treasury will also be in charge of authorizing new lenders, including nonbank lenders, to help meet the needs of small business owners. The loan application process is not yet available but is expected to be, possibly as early as April 3.

To prepare for an application we recommend doing the following:

1. Contact your banker to determine if he or she can serve as an SBA lender and state that you are interested in applying for the SBA Paycheck Protection Program loan.
2. Ask your banker to instruct you on the information you will need to assemble for the application, which should involve:
 - Payroll history for the most recent 12 months, most likely April 1, 2019 to March 31, 2020. It is unclear from the CARES Act how much payroll detail will be needed. Ideally, your payroll provider can produce a report that shows totals for the 12 month period for all items of pay and all deductions similar to what would be included in a year-end payroll register or on an employee's year-end paystub. If the information can be provided in a spreadsheet format with a row for each employee and a column for each payroll register item, that would be ideal.



- Retirement plan funding for the most recent 12 months. It is unclear how this will be reported on the application. It may be that funding for the 2019 calendar year will be acceptable. If total funding is provided, then employee deferrals would need to be subtracted which is a reason to have all of the payroll detail noted in the previous item.
- Health insurance premiums (also gather other employer provided health insurance program premiums as well, such as dental and vision plans paid for by the employer) paid during the prior 12 months. Again, having full payroll detail will allow for subtracting any portion paid for by your employees.