

SBA Paycheck Protection Program

Fact Sheet

- The U.S. Small Business Administration (SBA) is offering small businesses and other entities (defined under "Am I eligible for a PPP Loan?" on page 2) zero-fee loans to retain employees and their salaries during the COVID-19 outbreak.
- Loans provided through the Paycheck Protection Program are 100 percent federally guaranteed, and they're available until June 30, 2020.

Paycheck Protection Program (PPP) Details

- The loans offer up to \$10 million in assistance per applicant; loan amounts are determined by incurred payroll costs.
- Loan proceeds may be used for: payroll costs, group health care benefits, salaries and commissions, interest on mortgage loans, rent, utilities, and interest on other debt obligations incurred before February 15, 2020.
- The maximum interest rate is 4% and there are zero loan fees and zero prepayment fees.
- Maximum term for loan repayment is 10 years, and repayment can be deferred for at least 6 months and up to 1 year.

Paycheck Protection Program Loan Forgiveness

- Borrowers are eligible for loan forgiveness equal to the amount incurred and paid during the 8-week period beginning on the loan origination date for payroll costs, payments of interest on certain mortgage obligations, payment on certain rent obligations, and certain utility payments.
- Loan forgiveness cannot exceed the loan's principal amount.
- Payroll costs eligible for forgiveness do not include compensation for annual salaries more than \$100,000.
- The amount forgiven will be reduced if wages for any individual full-time employee were reduced by more than 25% or if full-time employees are laid off. Borrowers can avoid this penalty by curing the reductions by June 30, 2020.
- To receive loan forgiveness, borrowers must maintain, certify, and submit to their lender, documents that verify the number of full-time employees and documents that prove mortgage, lease, or utility payments. Additional business documents may be requested by your loan officer.

If you need additional information or assistance, or if you apply for a loan and are denied, please contact my office via email at NY04.SmallBusiness@mail.house.gov.

Preparing for the SBA

Paycheck Protection Program Loan

Am I eligible for a PPP Loan?

- Small businesses, 501(c)(3) nonprofit organizations, 501(c)(19) veterans organizations, and Tribal businesses with fewer than 500 employees are eligible.
- Sole proprietors, independent contractors, and eligible self-employed individuals are also eligible.
- Lenders will be required to determine if an applicant was operational on February 15, 2020, and paid salaries and payroll taxes, or paid independent contractors.
- Please note that those who participate in the Paycheck Protection Program are ineligible for the Employee Retention Tax Credit.

Where can I apply for a PPP Loan?

- You can apply for the Paycheck Protection Program (PPP) at any lending institution that is approved to participate in the program through the existing U.S. Small Business Administration (SBA) 7(a) lending program and additional lenders approved by the Department of Treasury.
- You do not have to visit any government institution to apply for the program. You can call your bank or find SBA-approved lenders in your area through SBA's online Lender Match tool here: www.sba.gov/funding-programs/loans/lender-match
- Call the Hauppauge SBA office for more information at (631) 454-0750

Applicants are not obligated to accept loan offers once made. Please consult with your accountant to make sure this makes sense for you and your business.

How can a PPP Loan be forgiven?

- The amount of principal that may be forgiven is equal to the sum of expenses for payroll, and existing interest payments on mortgages, rent payments, leases, and utility service agreements for an 8-week period.
- The covered period during which expenses can be forgiven extends from February 15, 2020 to June 30, 2020. Borrowers can choose which 8 weeks they want to count towards the covered period, which can start as early as February 15, 2020.
- Payroll costs include employee salaries (up to an annual rate of pay of \$100,000), hourly wages and cash tips, paid sick or medical leave, and group health insurance premiums.
- Borrowers will work with lenders to verify covered expenses and the proper amount of forgiveness.
- Lenders will have no more than 60 days to approve loan forgiveness requests made by small businesses.

AVOID DUPLICATION OF BENEFITS: PPP applicants may also apply for the SBA's Economic Injury Disaster Loan (EIDL). For example, you can use both PPP and EIDL for payroll, but not in the same time period for the same workers. Consult with your financial institution, loan officer, or the local SBA office in Hauppauge for clarification.

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