

PAYCHECK PROTECTION PROGRAM

<https://www.sba.gov/funding-programs/loans/paycheck-protection-program>
<https://cdcloans.com/emergencyrelief/>
<https://cdcloans.com/blog/small-business-guide-cares-act/>
https://www.rubio.senate.gov/public/_cache/files/ac3081f6-14ae-4e6f-9197-172ede28badd/71AB6CB05A08E369E0D488A80B3874A5.faqs---paycheck-protection-program-faqs-for-small-businesses.pdf

Summary of PPP Application:

Small businesses and sole proprietorships can start applying Friday April 3, 2020 for loans from existing SBA-approved lenders. Independent contractors and self-employed individuals can do the same starting April 10. Nonprofit organizations can also apply.

The deadline to apply is June 20, 2020 — roughly 11 weeks from Tuesday.

According to the borrower fact sheet, if a company has already fired staff, it will have until June 30, 2020 to rehire them to qualify for the program.

The program is open to all federally insured banks and credit unions, which will collect nearly risk-free fees to underwrite the loan. The SBA is guaranteeing all loans under the program, and the \$349 billion appropriated will go toward forgiving the debts. The SBA is also waiving guaranty fees. Lenders participating under the program will get paid based on the balance of financing outstanding: 5% for loans \$350,000 and under, 3% for \$350,000 to \$2 million loans, and 1% for loans over \$2 million. Lenders are barred from collecting fees from borrowers, and agent fees will be paid out of the lender fees.

According to the Treasury fact sheet, the terms of the new loans will be the same for everyone. They are capped at eight weeks of a borrower's payroll expenses, debt interest, rent and utilities, up to \$10 million. Borrowers that use the loans for those costs won't need to pay back the principal, and interest is set at 0.50% — lower than the 4% annual rate limit set by statute. Borrowers can defer payments for six months, although interest would accrue during that period, and the loans would be due in two years, with no penalties for prepayment.

While forgiven debt is usually treated as income for tax purposes, it won't be under this program.