

Paycheck Protection Program FAQs

The Coronavirus Aid, Relief and Economic Security (CARES) Act recently allocated \$349 billion to aid small businesses in keeping workers employed during this trying time. The Paycheck Protection Program (PPP) provides 100% federally guaranteed loans to small businesses which can be used by PIA members to maintain operations.

Are you eligible?

You are eligible if you:

- Have fewer than 500 employees (Most PIA members meet this requirement)
- Meet the SBA's size standard (only applicable for companies with over 500)
- Are a 501(c)(3) with fewer than 500 employees
- Are an individual who:
 - Operates as a sole proprietor
 - Operates as an independent contractor
 - Is self-employed and regularly carries on any trade or business

The 500-employee threshold includes all employees:

- Full-time, part-time, and any other status

Where can you apply?

Any lending institution that is approved to participate in the program through the existing U.S. SBA lending program, or any of the additional lenders approved by the Department of Treasury. Also, an expansive list of community banks is stepping up to help broaden the SBA loan program. Try calling your bank to see if they are an SBA approved lender or visit the [SBA online lender match tool](#).

When can you apply?

- Small businesses and sole-proprietorships – April 3, 2020
- Independent contractors and self-employed individuals – April 10, 2020

The deadline to apply is June 30, 2020. It should be noted that loans are given on a first come, first served basis.

What are lenders looking for?

- Lenders will look to see that the borrower was in operation before February 15, 2020 and had employees for whom they paid salaries and payroll taxes, or paid independent contractors.
- The current economic conditions make the loan necessary in order to support ongoing operations.

Paycheck Protection Program FAQs

- The borrower will use the loan to retain workers or make mortgage, lease and utility payments.
- Borrower does not have a pending loan application for the same amount for the same purpose.
- From February 15, 2020 to December 31, 2020, the borrower has not received a loan duplicative of the purpose and amounts applied for here.
 - There is an opportunity to fold emergency loans made between January 31, 2020 and the date this loan program becomes available into a new loan.

Lenders will NOT:

- Look to see if the borrower sought and was unable to obtain credit elsewhere
- Require a personal guarantee for the loan
- Require any collateral for the loan

How much can be borrowed?

Print companies can borrow up to 2.5X their average monthly payroll costs, but not more than \$10 million.

How to calculate average monthly payroll costs:

Included payroll costs – excluded payroll costs = Payroll Costs

Included in Payroll Costs:

For employers:

- Salary, wage, commission or similar compensation
- Payment for 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 retirement benefits
- Payment of state or local tax assessed on the compensation of the employee

For Sole Proprietors, Independent Contractors, and Self-Employed Individuals

- Any compensation to or income of a sole proprietor or independent contractor that is a wage, commission, income, or net-earnings from self-employment, or similar compensation, which is not more than \$100,000 in one year, as pro-rated for the covered period

Paycheck Protection Program FAQs

Excluded from Payroll Costs:

- Compensation of an individual employee in excess of an annual salary of \$100,000, as prorated for the period of February 15, 2020 to June 30, 2020
- Payroll taxes, railroad retirement taxes, and income taxes
- Any compensation for an employee whose principal place of residence is outside of the United States
- Qualified sick leave wages for which a credit is allowed under section 7001 of the Families First Coronavirus Response Act (Public Law 116-5 127); or qualified family leave wages for which a credit is allowed under section 7003 of the Families First Coronavirus Response Act

Can the loan be forgiven?

Borrowers can be eligible if certain guidelines are met. The loan can be forgiven 8 weeks after the loan is received. See below for details

How much can be forgiven?

The loan forgiveness amount is equal to the amount the borrower spent on the following items during the 8-week period that begins on the origination date of the loan:

- Payroll Costs
- Interest on mortgage obligation incurred in the ordinary course of business (incurred before 2/15)
- Rent on a leasing agreement (agreement in force before 2/15)
- Payments on utilities (electricity, gas, water, transportation, telephone, internet)

What if you lay off employees?

The purpose of the Paycheck Protection Program is to help you retain your employees, at their current base pay. If all of your employees are retained, the entirety of the loan will be forgiven. If you still lay off employees, the forgiveness will be reduced by the percent decrease in the number of employees. If your total payroll expenses on workers making less than \$100,000 annually decreases by more than 25 percent, loan forgiveness will be reduced by the same amount. If you have already laid off some employees, you can still be forgiven for the full amount of your payroll cost if you rehire your employees by June 30, 2020.

Is there interest on the loan and when do I need to begin paying it?

Yes, there is 1% fixed rate interest on the loan. All payments are deferred for 6 months, but interest WILL accrue over this time period.

Paycheck Protection Program FAQs

When is the loan due?

2 years but payments can be made any time prior without prepayment fees or penalties.

If I have applied for, or received an Economic Injury Disaster Loan (EIDL) related to COVID- 19 before the Paycheck Protection Program became available, will I be able to refinance into a PPP loan?

Yes. If you received an EIDL loan related to COVID-19 between January 31, 2020 and the date at which the PPP becomes available, you would be able to refinance the EIDL into the PPP for loan forgiveness purposes. However, you may not take out an EIDL and a PPP for the same purposes. Remaining portions of the EIDL, for purposes other than those laid out in loan forgiveness terms for a PPP loan, would remain a loan. If you took advantage of an emergency EIDL grant award of up to \$10,000, that amount would be subtracted from the amount forgiven under PPP.

Additional Information can be found by clicking the following links:

<https://home.treasury.gov/cares>

<https://www.sba.gov/funding-programs/loans/paycheck-protection-program>