

UTAH ECONOMIC RESPONSE TASK FORCE

Paycheck Protection Program FAQs for Small Businesses

Can I really expect to get a loan today?

The application for the program was distributed to financial institutions the evening of Thursday, April 2. Financial institutions are integrating these forms in order to submit applications as soon as possible. Whether or not your loan is approved today will rely on the ability of the Treasury's system to receive and process the application considering the significant number of applications being entered.

Where can I apply for a loan?

Many of Utah's Banks and Credit Unions can process your application. The process will work best to work with an institution where you have already established a relationship. However, for a complete list of banks and credit unions authorized to participate visit www.Utah.bank or www.UtahsCreditUnions.org

Who is eligible for a loan?

Small businesses are eligible for the loan if they were in operation on February 15th, 2020, had employees for whom they paid salaries and payroll taxes or paid independent contractors, and as of February 15th the business was:

- A small business that employs 500 employees or fewer
- In an industry that has an employee-based size standard through SBA that is higher than 500 employees but is below that employee size limit.
- A restaurant, hotel, or a business that falls within the North American Industry Classification System (NAICS) code 72, "Accommodation and Food Services," and each of your locations had 500 employees or fewer
- A Tribal business with less than 500 employees
- A 501(c)(19) veteran organization with less than 500 employees
- A 501(c)(3) nonprofit, including religious organizations with less than 500 employees
 - NOTE: Nonprofit organizations are subject to SBA's affiliation standards.
- An independently owned franchise with under 500 employees, who was approved by SBA. Eligible franchises can be found through SBA's Franchise Directory.

I am an independent contractor or gig economy worker, am I eligible?

Yes. Sole proprietors, independent contractors, gig economy workers, and self-employed individuals are all eligible for the Paycheck Protection Program.

What is the maximum amount I can borrow?

The maximum amount any small business is eligible to borrow is 250 percent of their average monthly payroll expenses, up to a total of \$10 million. This amount is intended to cover 8 weeks of payroll expenses and any additional amounts for making payments towards debt obligations. This 8-week period may be applied to any time frame between February 15, 2020 and June 30, 2020. Seasonal business expenses will be measured using a 12-week period beginning February 15, 2019, or March 1, 2019, whichever the seasonal employer chooses.

Can the loan be forgiven?

Yes. The amount of the loan 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. 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. If you would like to use the Paycheck Protection Program for other business-related expenses, like inventory, you can, but that portion of the loan will not be forgiven.

When is the loan forgiven?

The loan is forgiven at the end of the 8-week period after you take out the loan. Borrowers will work with lenders to verify covered expenses and the proper amount of forgiveness.

What is the covered period of the loan?

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.

What are the terms of the unforgiven portion of the loan?

- 2-year maturity date
- 1.0% interest rate
- No payments due for six months, but interest will accrue
- No payments or personal guarantees required at origination
- No fees or prepayment penalties to the borrower
- Businesses may only apply for one PPP loan

When is the application deadline for the Paycheck Protection Program?

Applicants are eligible to apply for the PPP loan until June 30th, 2020, or when federal funds are exhausted.

I took out a bridge loan through my state, am I eligible to apply for the Paycheck Protection Program?

Yes, you can take out a state bridge loan and are still be eligible for the PPP loan.

If I am applying for an Economic Injury Disaster Loan (EIDL), is my small business eligible to participate in the Paycheck Protection Program?

Borrowers can apply for both an SBA Economic Injury Disaster Loan and the Paycheck Protection Program loan. However, the Paycheck Protection Program loan funds and the Economic Injury Disaster Loan funds cannot be used for the same purpose. The Paycheck Protection Program loan must be used for payroll (minimum of 75% of the funds received) for it to be eligible for a forgivable loan and the remaining is used for different purposes. Borrowers who accept both loan funds should document the uses of the funds appropriately.

If I have already received an EIDL, can I apply for a PPP loan?

Yes, you are still eligible to apply for the Paycheck Protection Program even if you applied for or received an SBA Economic Injury Disaster Loan. If your Economic Injury Disaster Loan was not used for payroll costs, it does not affect your eligibility for a Paycheck Protection Program loan. If your Economic Injury Disaster Loan was used for payroll costs, your Paycheck Protection Program loan must be used to refinance your Economic Injury Disaster Loan. Any advance up to \$10,000 on the Economic Injury Disaster Loan will be deducted from the loan forgiveness amount of the Paycheck Protection Program loan.

Do I need to choose one or the other?

You may not hold funds from both programs for the same purpose. However, if you have working capital need beyond what is provided by PPP, you can apply for additional assistance through the EIDL program. If you are applying for both, you can accept PPP first – then decide whether to close on your EIDL approved loan. An EIDL approved loan may be closed within 60 days, and the borrower can choose whether to close on the loan. The EIDL application period runs through Dec. 2020.