SBA Paycheck Protection Program (PPP)

The federal CARES Act is a $2 trillion economic stimulus package that includes $350 billion in SBA 7(a) and SBA Express loans designated to keep workers employed and small businesses from going under. As long as employers maintain their payroll, the portions of the loan used for payroll costs, mortgage interest and utilities would be forgiven. The program is retroactive to February 15, 2020, allowing companies to rehire workers who have already been laid off and pay them for the time they missed.

We expect this to be available in late April or early May as the SBA gets the details and application capabilities online. Once again, if you have immediate needs, you can apply for and receive the Economic Injury Disaster Loan and then refinance it into a PPP loan when it becomes available.

Applications for PPP loans will be made through SBA authorized banks like Pinnacle Financial Partners. We are an SBA preferred lender and therefore will be able to streamline the application process and review and approve loans more quickly.

Details & Terms
- Available to small businesses, sole proprietors, independent contractors, small agricultural cooperatives, small aquaculture businesses and most private non-profit organizations
- Must have 500 employees or fewer or meet current SBA size standards
- SBA 7(a) loans up to $10 million or 250% of an employer's average monthly payroll costs
- SBA Express loan limits increased from $350,000 to $1 million
- Can be used for employee salaries, mortgage payments, rent (including rent under a lease agreement), utilities and any other debt obligations that were incurred before the covered period
- Covered payroll costs include:
    - Salary, wages and payment of cash tips (up to an annual salary of $100,000)
    - Employee group healthcare benefits, including insurance premiums, retirement contributions and covered leave
    - Vacation, parental, family, medical, or sick leave
    - Allowance for dismissal or separation
    - Payment of state or local tax assessed on the compensation of employees
- If employers maintain payroll, the portions of the loan used for up to eight months worth of payroll costs, mortgage interest, rent and utilities would be forgiven. Forgiveness amounts are reduced for decreases in monthly average headcount and salary/wage reductions.
- The remaining loan balance will have a maturity of not more than 10 years, and the guarantee for that portion of the loan will remain intact.
- The program is retroactive to February 15, 2020, allowing companies to bring back workers who have already been laid off and pay them for the time they missed.
- Fee waivers are available.
- Payments are automatically deferred for one year, with no prepayment penalties

Eligibility

- Small business, 501(c)(3) nonprofit, a 501(c)(19) veteran's organization or Tribal business concern described in section 31(b)(2)(C) of the Small Business Act with not more than 500 employees, or the applicable size standard for the industry as provided by SBA, if higher. Also:
  - Includes sole-proprietors, independent contractors and other self-employed individuals
  - Allows businesses with more than one physical location that employs no more than 500 employees per physical location in the lodging and good service industries to be eligible and is below a gross annual receipts threshold in certain industries to be eligible
  - Waives affiliation rules for businesses in the hospitality and restaurant industries, franchises that are approved on the SBA's Franchise Directory
  - Waives the SBA's Credit Elsewhere test
- Repayment ability is not a factor in approval. Instead, banks will determine if the business was open on February 15, 2020, and had employees or independent contractors on payroll.

How to Apply

Your Pinnacle financial advisor can help you apply for the PPP loan. Much of the required paperwork and documentation will be similar to what is required for the EIDL program. Take a look at those requirements at https://disasterloan.sba.gov/apply-for-disaster-loan/index.html.