

# Program Requirements

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## What are the eligibility requirements to qualify for a PPP Loan?

- Businesses or 501(c)(3) with no more than 500 employees OR
- Businesses with more than one physical location in specific industries with up to 500 employees per location
- Tribal concerns
- Business must have been operating on February 15, 2020
- Sole proprietorships, self-employed individuals, and independent contractors are invited to apply beginning April 10, 2020

## What can my business use Paycheck Protection Program loan proceeds for?

- Payroll costs, including benefits
- Insurance premiums
- Mortgage interest obligations – principal payments and mortgage prepayments are not allowed, incurred before February 15, 2020
- Rent, under lease agreements in force before February 15, 2020
- Utility, for which service began before February 15, 2020
- Interest on other debt obligations incurred AFTER February 15, 2020

## What are the loan terms?

- Interest rate of 1%
- Maximum 2-year maturity (after application for forgiveness- see next question)
- SBA guarantee fees waived; no prepayment fees
- Allows complete deferment of payments for six months
- The loan will be unsecured
- No personal guarantees required
- Loan proceeds must be spent within eight weeks of receiving funds

## What is the eligibility around loan forgiveness?

- The borrower is eligible for loan forgiveness equal to the amount paid by the borrower during an 8-week period after the origination date of the loan.
- Forgivable amounts that are paid in the 8-week period include:



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- Payroll costs (salaries >\$100,000/year are excluded)
- Interest on mortgage obligations incurred before February 15, 2020
- Rent and utility payments
- The entire principal amount of the loan may be forgiven if it is used entirely for eligible purposes.
- No more than 25% of the forgiven amount may be for non-payroll costs.
- Your forgiveness will be decreased if your full-time equivalent employment is reduced; if salaries and wages are decreased by more than 25% for any employee that made less than \$100,000 annualized in 2019; if you do not restore your full-time equivalent employment and salary levels by June 30, 2020 for any changes made between February 15, 2020 and April 26, 2020.

### **Are there other requirements that I need to fulfill to qualify for a loan?**

- Good faith certification that the loan is necessary because of economic uncertainty caused by COVID-19 and will be applied to maintain payroll and make required payments.
- Certification that the business is not receiving this assistance and duplicative funds for the same uses from another SBA program.
- A borrower who has also received an SBA Economic Injury Disaster Loan (EIDL) may still be eligible.
- Other requirements apply, please contact CRF for details.

*All loans subject to credit approval and final guidance from the SBA on the Paycheck Protection Program. Funds are limited and subject to availability.*

*These characteristics of the SBA Paycheck Protection Program are from the Coronavirus Aid, Relief and Economic Security (CARES) Act, which was signed into law by President Trump on March 27, 2020. The terms and information outlined above are subject to change upon further guidance from the U.S. Small Business Administration and the U.S. government.*