

## What is the Paycheck Protection Program?

- The Paycheck Protection Program (“PPP”) authorized up to \$699 billion in forgivable loans to small business to pay their employees during the COVID-19 crisis.

## Who is Eligible?

- All businesses with 500 or fewer employees can apply, including –
  - nonprofits
  - veterans organizations
  - Tribal business concerns
  - sole proprietorships
  - self-employed individuals
  - independent contractors
- Businesses in certain industries can have more than 500 employees if they meet applicable SBA employee-based size standards for those industries (click [HERE](#) for additional detail).

## When can I apply?

- Starting April 3, 2020, Small businesses and sole proprietorships can apply for and receive loans to cover their payroll and other certain expenses.
- Starting April 10, 2020, independent contractors and self-employed individuals can apply for and receive loans to cover their payroll and other certain expenses.

## How do I apply?

- Start the process by [logging in to STCU online banking](#).

## What do I need to apply?

Documentation will need to be attached for a complete package.

Independent contractors, self-employed individuals, single member LLCs.\*

- STCU business checking or savings account number. STCU ABA number (325182700).
- Organizational documents. (For example: business license.)
- Owner's personal contact information including Social Security Number.
- Owner's driver's license.

- IRS 2019 1040 Schedule C or 12/31/19 year-end profit statement. (If you have not yet filed you 2019 taxes, you must still provide a 2019 Schedule C.)
- IRS Form 1099, if applicable for income received.

*\*Upload documents before exiting the application.*

#### Employers (corporations, LLCs, partnerships).<sup>1</sup>

- STCU business checking or savings account number.
- STCU ABA number (325182700).
- All owners with 20% or more ownership of the business.
  - Owner's personal contact information including Social Security Number (SSN).
  - Owner's driver's license.
- IRS Form 941 for the last 4 quarters or IRS form 940.
- For Partnerships - 2019 Form 1065.
- Rolling 12 month Employee Payroll Report (April 2019 to April 2020).
- If you are including costs for state/local payroll taxes, employer health care or retirement costs you will need to provide us with an accounting of those costs and upload supporting documentation. See below for more details.

<sup>1</sup>Supporting payroll documentation must be uploaded to your application to process the request.

#### Non-profits and faith-based organizations.

- STCU business checking or savings account number.
- STCU ABA number (325182700).
- Organizational documents (For example: Bylaws, articles.)
- Board meeting minutes authorizing the organization to apply for the PPP loan.
- Driver's license of the authorized individual.
- IRS Form 941 for the last 4 quarters or IRS form 940.

**How long does PPP last?**

- The 1<sup>st</sup> round of \$349 billion in PPP funds lasted 13 days. The 2<sup>nd</sup> round will go even faster.

### **How many loans can I take out under this program?**

- One.

### **How can I use these loans?**

- Payroll costs, including employer paid benefits;
- Interest on mortgage obligations, incurred before February 15, 2020;
- Rent, under lease agreements in force before February 15, 2020; and
- Utilities, for which service began before February 15, 2020.

### **Is the PPP “first-come, first-served?”**

- Yes.

### **What counts as payroll costs?**

- Salary, wages, commissions, or tips (capped at \$100,000 on an annualized basis for each employee);
- Employee benefits including costs for vacation, parental, family, medical, or sick leave; allowance for separation or dismissal; payments required for the provisions of group health care benefits including insurance premiums; and payment of any retirement benefit;
- State and local taxes assessed on compensation; and
- For a sole proprietor or independent contractor: wages, commissions, income, or net earnings from self-employment, capped at \$100,000 on an annualized basis for each employee.

### **What’s the maximum loan amount?**

- \$10 million cap

### **How much of my loan will be forgiven?**

- You will owe money when your loan is due if you use the loan amount for anything other than payroll costs, mortgage interest, rent, and utilities payments over the 8 or 24 weeks after getting the loan. No more than 40% of the forgiven amount may be for non-payroll costs.
- You will also owe money if you do not maintain your staff and payroll.
- Number of Staff: Your loan forgiveness will be reduced if you decrease your full-time employee headcount.
- Level of Payroll: Your loan forgiveness will also be reduced if you decrease salaries and wages by more than 25% for any employee that made less than \$100,000 annualized in 2019.
- Re-Hiring: You have until June 30, 2020 to restore your full-time employment and salary levels for any changes made between February 15, 2020 and April 26, 2020.

### **How can I request loan forgiveness?**

- You can submit a request to the lender that is servicing the loan. The request will include documents that verify the number of full-time equivalent employees and pay rates, as well as the payments on eligible mortgage, lease, and utility obligations. You must certify that the documents are true and that you used the forgiveness amount to keep employees and make eligible mortgage interest, rent, and utility payments. The lender must make a decision on the forgiveness within 60 days.

#### **What is my interest rate?**

- 1% fixed rate.

#### **When do I need to start paying interest on my loan?**

- All payments are deferred for 6 months; however, interest will continue to accrue over this period.

#### **When is my loan due?**

- In 2 years or 5 years, depending on when you received the loan.

#### **Can I pay my loan earlier than 2 years?**

- Yes. There are no prepayment penalties or fees.

#### **Do I need to pledge any collateral for these loans?**

- No. No collateral is required.

#### **Do I need to personally guarantee this loan?**

- No. There is no personal guarantee requirement. \*\*\*However, if the proceeds are used for fraudulent purposes, the U.S. government will pursue criminal charges against you.\*\*\*

#### **What do I need to certify?**

As part of your application, you need to certify in good faith that:

- Current economic uncertainty makes the loan necessary to support your ongoing operations.
- The funds will be used to retain workers and maintain payroll or to make mortgage, lease, and utility payments.
- You have not and will not receive another loan under this program.
- You will provide to the lender documentation that verifies the number of full-time equivalent employees on payroll and the dollar amounts of payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities for the eight weeks after getting this loan.
- Loan forgiveness will be provided for the sum of documented payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities. Due to likely high subscription, it is anticipated that not more than 40% of the forgiven amount may be for non-payroll costs.
- All the information you provided in your application and in all supporting documents and forms is true and accurate. Knowingly making a false statement to get a loan under this program is punishable by law.
- You acknowledge that the lender will calculate the eligible loan amount using the tax documents you submitted. You affirm that the tax documents are identical to those you submitted to the IRS. And you also understand, acknowledge, and agree that the lender

can share the tax information with the SBA's authorized representatives, including authorized representatives of the SBA Office of Inspector General, for the purpose of compliance with SBA Loan Program Requirements and all SBA reviews.