



North Los Angeles County Regional Center

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Paycheck Protection Program **Information as of April 24, 2020**

Disclaimer

The material and information regarding the Paycheck Protection Program (“PPP”) has been prepared by North Los Angeles County Regional Center (“NLACRC”) and is general background information about the PPP offered by the Small Business Administration (“SBA”). This information is provided in summary form and does not purport to be complete. Information in this summary should not be considered as advice or a recommendation to service providers and does not take into account each service providers financial situation or needs. Before action on any information contained in this summary, service providers should consider the appropriateness of the information provided and to seek independent financial advice.

Purpose of the Paycheck Protection Program

- The PPP is a loan designed to provide a direct incentive for small businesses to keep their workers on payroll

PPP Eligibility

- Small businesses with 500 or fewer employees – including nonprofits, veterans organizations, tribal concerns, self-employed individuals, sole proprietorships, and independent contractors- are eligible
- Business with more than 500 employees are eligible in certain industries (refer to the SBA website at the hyperlink provided under Resources)

PPP Loan Details

- No collateral or personal guarantees are required
- Neither the overpayment or lenders will charge small businesses any fees
- The loan has a maturity of 2 years and an interest rate of 1%
- Loan payments will be deferred for six months
- PPP loans will be available for the lesser of \$10 million or 2.5 times the businesses’ average monthly payroll

PPP Loan Forgiveness

- SBA will fully forgive loans if all employees are (1) kept on the payroll for eight weeks and the money is used for payroll, rent, mortgage interest, or utilities; (2) and at least 75% of the forgiven amount must have been used for payroll

- Forgiveness is based on the employer maintaining or quickly rehiring employees and maintaining salary levels
- Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease

PPP Loan Application Process

- Businesses can apply through any existing SBA 7(a) lender or through any federally insured depository institution, federal insured credit union, and Farm Credit System institution that is participating
- Other regulated lenders will be available to make these loans once they are approved and enrolled in the program
- SBA recommends that businesses consult with their lender to determine whether the lender is participating in the PPP program

When to Apply for PPP

- Expected to reopen April 27, 2020
- Due to a funding cap, businesses are encouraged to apply as quickly as possible

Resources:

Small Business Administration Paycheck Protection Program (“PPP”)

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

Small Business Administration Industry Size Standards

<https://www.sba.gov/federal-contracting/contracting-guide/size-standards>

U.S Department of the Treasury

<https://home.treasury.gov/policy-issues/cares/assistance-for-small-businesses>

Internal Revenue Service

<https://www.irs.gov/newsroom/covid-19-related-tax-credits-for-required-paid-leave-provided-by-small-and-midsize-businesses-faqs>

Other Resources and Information

<https://www.investopedia.com/your-guide-to-the-paycheck-protection-program-ppp-and-howto-apply-4802195>