

SBA COVID-19 Paycheck Protection Program (PPP)

FACT SHEET

Payment Protection Program (PPP) Loans provide cash-flow assistance through 100 percent federally guaranteed loans to employers who maintain their payroll during this emergency. If employers maintain their payroll, the loans will be forgiven. PPP has a host of attractive features, such as forgiveness of up to 8 weeks of payroll based on employee retention and salary levels, no SBA fees and at least six months of deferral with maximum deferrals of up to a year. Small businesses and other eligible entities will be able to apply if they were harmed by COVID-19 between February 15, 2020 and June 30, 2020. This program is retroactive to February 15, 2020, in order to help bring workers who may have already been laid off back onto payrolls. Loans are available through June 30, 2020.

Frequently asked questions

Q: How do I apply for a PPP loan?

A: Application for PPP loans must be made through an existing SBA approved lender or a lender that has applied to and been approved by the SBA and the Department of Treasury to process loans under this new program.

Q: What types of businesses are eligible for a PPP loan?

A:

- Businesses and entities must have been in operation on February 15, 2020.
- Small business concerns, as well as any business concern, a 501(c)(3) nonprofit organization, a 501(c)(19) veterans organization, or Tribal business concern described in section 31(b)(2)(C) that has fewer than 500 employees or fewer employees than established by the relevant industry code
- Individuals who operate a sole proprietorship or as an independent contractor and eligible self-employed individuals.
- Any business that employs not more than 500 employees per physical location of the business and that is assigned a North American Industry Classification System code beginning with 72, for which the affiliation rules are waived.
- Affiliation rules are also waived for any business concern operating as a franchise that is assigned a franchise identifier code by the Administration, and company that receives funding through a Small Business Investment Company.

Loans subject to SBA requirements. All loans subject to credit approval. Origination and/or other fees may apply.



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Q: How is loan size determined?

A: Loan amount will be determined by multiplying the average monthly payroll expense by 2.5. Amounts in excess of \$100,000 in an individual salary will be excluded. If you received an SBA EIDL, you can add that to the loan amount and refinance that loan with the PPP Loan. The maximum loan amount is \$10 million.

Q: What are the loan term, interest rate and fees?

A: The maximum term is 10 years, the maximum interest rate is 4 percent, zero loan fees, zero prepayment fee. No Bank or SBA fees. No collateral required. No personal guarantees.

Principal and interest payments will be deferred for a minimum of 6 months and up to one full year.

Q: What are the requirements to receive PPP Loan forgiveness?

A: The loan is eligible for full forgiveness if proper usage of funds is documented. Forgiveness amount may be reduced if there is a reduction in the number of employees or a reduction of greater than 25% of wages paid to employees.

You will need to apply through Customers Bank or your lender for forgiveness on your loan.

Q: What can I use the PPP loan for?

A: Loan proceeds may only be used for payroll support including medical leave, costs related to health benefit, employee salaries, interest on mortgage debt or other debt incurred before 2/15/2020, rent, utilities, or the loan will not be forgiven.

The PPP Loan is not eligible for business acquisition, real estate purchase, or other business working capital or expansion needs. The SBA Express Loan Program (up to \$1 million) or the SBA 7(a) Term Loan Program can be used to cover these needs.

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Q: Am I eligible for additional loans under the Federal Stimulus Package?

A: A Borrower can apply for an SBA PPP Disaster Loan, an SBA \$1 million Express Loan and an SBA EIDL Disaster Loan (up to \$2 million), if eligible. Loan proceeds under these loan programs cannot be used to cover the same business expenses.

The U.S. Small Business Administration (SBA) is expected to release the details and guidelines for these loans shortly. Please complete the form at www.customersbank.com/disaster to be notified when we start accepting applications.

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