



# Preparing for Paycheck Protection Program (PPP) Loans Info for Small Business Owners

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# PPP Defined



**PPP** is the acronym for Paycheck Protection Program.



The Paycheck Protection Program is a **loan** designed to help small businesses to keep their workers on the payroll.

SBA will forgive loans if all employees are kept on the payroll for eight weeks and the money is used for payroll, rent, mortgage interest, or utilities.

# Who Can Apply?



- Any small business concern that meets SBA's size standards (either the industry based sized standard or the alternative size standard)
- Any business, 501(c)(3) non-profit organization, 501(c)(19) veterans organization, or Tribal business concern (sec. 31(b)(2)(C) of the Small Business Act) with the greater of:
  - 500 employees, or
  - That meets the SBA industry size standard if more than 500
- Any business with a NAICS Code that begins with 72 (Accommodations and Food Services) that has more than one physical location and employs less than 500 per location
- Sole proprietors, independent contractors, and self-employed persons

# PPP Loan Details and Forgiveness

- **The loan will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities (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.**
- No collateral or personal guarantees are required.
- Neither the government nor lenders will charge small businesses any fees.
- A list of participating lenders as of April 23, 2020 can be found at <https://www.sba.gov/document/support--paycheck-protection-program-participating-lenders>.

# PPP Loan Details and Forgiveness

Maximum salary covered is \$100K/yr

Maximum loan is \$10 million

Loans provided by approved SBA Lenders

No more than 25% spent on other than payroll forgiven

Proceeds must be spent within 8 weeks of receipt, paying employees and other expenses

This loan has a maturity of 2 years and an interest rate of 1%

Loan payments will also be deferred for six months



# Other Legal Requirements



Your business was in operation as of February 15, 2020

Your Business or its Owners are not presently suspended, debarred, proposed for debarment, declared ineligible, voluntarily excluded from participation in this transaction by any Federal department or agency, or presently involved in any bankruptcy

Your Business, or its Owners or affiliated businesses, is not delinquent on a direct or guaranteed loan from SBA or any other Federal agency or defaulted in the last 7 years and caused a loss to the government

You are not presently subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction, or presently incarcerated, on probation or parole

# PPP Required Document Check List

Submit supporting documentation of your payroll costs for the calendar year 2019 to establish maximum loan amount eligibility. You can contact your payroll provider for assistance collecting the required documents. You will need to provide the following:

- Full year IRS payroll tax filings (e.g., 940, 941, 944) for 2019
- Full year 1099-MISCs for 2019 (for applicants filing as independent contractors)
- Full year health insurance premium expenses (required if group healthcare costs were included in payroll calculations)

*For borrowers that do not have any such documentation, the borrower must provide other supporting documentation, such as bank records, sufficient to demonstrate the qualifying payroll amount.*

# Information Small Business Owners need to know to prepare for future PPP Loan

- Once the new bill is signed into law, the SBA is expected to announce when it will take applications for PPP again.
- While waiting for PPP funding to resume, businesses should collect all required documentation for the program and send it to their bank lender. This is so that the bank can be prepared to submit a client's application as soon as the PPP opens again.
- Business owners don't have to apply again if their application didn't get approved in the first round. Many lenders have held on to these applications, and are prioritizing them in the pipeline for when the program opens up again. ***Check with your lender.***



For more information regarding the Paycheck Protection Program Loan and to begin preparing your application visit [www.sba.gov](http://www.sba.gov)



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