

PAYCHECK PROTECTION PROGRAM FIRST-DRAW FACT SHEET

FEDERAL RELIEF PROGRAMS - INFO SERIES

WHAT IS IT?



The Paycheck Protection Program (PPP) provides forgivable loans to help eligible self-employed individuals, businesses and nonprofits keep their workforce employed during the COVID-19 crisis. Those who have not applied for funds may be eligible for a First-Draw loan. Borrowers may qualify for up to 100% forgiveness through an application process. The program is disbursed by approved lenders working with the SBA.

WHAT DO I NEED TO KNOW?



- **AMOUNT AVAILABLE:** 2.5x average monthly eligible payroll costs up to \$10 M
- **TERMS:** Interest: 1%, Repayment: 5 years (if any amount needs to be paid back)
- **COLLATERAL:** Neither collateral nor personal guarantees are required
- **NOT CREDIT BASED:** This is not a traditional loan, and credit is NOT taken into consideration
- **FORGIVABLE:** If the loan is used based on provided guidelines, you may apply to have it forgiven and not have to repay it partially or completely. You must use a minimum of 60% towards payroll (or owner-compensation if self-employed). Keep funds in a separate account and document expenses carefully.
- **ALLOWABLE USES:** Eligible payroll costs, including benefits. May also be used to pay for mortgage interest, rent, utilities, worker protection costs related to COVID-19, uninsured property damage costs caused by looting or vandalism during 2020, and certain supplier costs and expenses for operations.

HOW DO I PREPARE TO APPLY?



- The documents you may be required to present will vary based on your legal entity type (self-employed, LLC, S-Corp, C-Corp, nonprofit, etc.). All will be asked for tax returns for either 2019 or 2020 (you can choose), and 941's if you have employees.
- Gather bank statements, invoices, and utility bills that demonstrate you were in business as of February 15, 2020.
- You may preview the application forms here, but please note you will go through a lender to apply:
 - [Paycheck Protection Program First Draw Borrower Application Form](#) (updated 03-18-21)
 - [Paycheck Protection Program First Draw Borrower Application Form for Schedule C Filers Using Gross Income](#) (published 03-18-21)

WHERE DO I APPLY?



You may use the [SBA's Lender Match Tool](#) to find an approved SBA lender near you. We have also compiled a list of SBA approved alternative lenders you may want to review: [PPP Lenders](#)

WHEN & HOW DO I PAY IT BACK?



After you receive the funds from your lender, you have anywhere between 8-24 weeks to spend the funds. At anytime, even before the end of your selected period (called covered period) you may apply for forgiveness. You must apply within 10 months of the end of your covered period. You will be required to show how you spent the funds, and based on this and how well you were able to follow the guidelines, the SBA will determine the amount of forgiveness which may be up to 100% of your loan.

If your loan is not forgiven either partially or in full, you will make monthly payments to the lender.