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UNITED STATES SENATOR FOR OKLAHOMA

Frequently Asked Questions- Small Business Paycheck Protection Program

As of April 6, 2020

The CARES Act unleashed unprecedented eligibility criteria for small business loans and grants. With these provisions, employers are able to keep employees them on the payroll and keep their lights on.

Many Oklahoma businesses have been forced to temporarily close their doors as our nation manages the response to COVID-19. Under the CARES Act, businesses are able to keep employees on the payroll, even if they shut down between February 15, 2020, and June 30, 2020.

In addition, this program is available to businesses who have not qualified for SBA loans in the past. Any business with less than 500 employees is eligible. The standard SBA revenue-based standards do not apply.

My office will continue to work closely with the SBA to get these programs up to speed as soon as possible. While some questions still remain, we are engaged with getting you the answers you need as quickly as we can.

Paycheck Protection Program

The bill creates the Paycheck Protection Program (Triple P) under SBA's existing 7(a) program. Triple P accomplishes several important goals for small businesses, nonprofits, and houses of worship, their employees, and our overall communities and economy:

- Provides advance payments to cover payroll costs, including paid sick leave, mortgage interest, rent, and utility payments.
- Forgives the loan amount spent on the above activities for of 8 weeks following loan origination, if the borrower does not lay off employees. Keeping employees on the payroll will turn the loan into a grant for 8 weeks – meaning borrowers will not have to pay it back.

The CARES Act also works to increase the number of approved lenders, as well as cut out the red tape to ensure quick loan disbursement. The lender can make decisions on the spot, without SBA approval.

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 through existing SBA lenders. Starting April 10, 2020, independent contractors and self-employed individuals can apply for and receive loans to cover their payroll and other certain expenses through existing SBA lenders. Other regulated lenders will be available to make these loans as soon as they are approved and enrolled in the program.

Where can I apply?

You can apply through any existing SBA lender or any federally insured depository institution, federally 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. You should consult with your local lender as to whether it is participating. Visit www.sba.gov for a list of SBA lenders.

How can I apply?

You can apply for the Paycheck Protection Program (Triple P) at any lending institution that is approved to participate in the program through the existing U.S. Small Business Administration (SBA) 7(a) lending program and additional lenders approved by the Department of Treasury. This could be the bank you already use or a nearby bank. Thousands of banks already participate in the SBA's lending programs, including numerous community banks. You do not have to visit any government institution to apply for the program. You can call your bank or find SBA-approved lenders in your area through SBA's online Lender Match tool. You can apply until June 30, 2020.

What do I need to apply?

You will need to complete the Paycheck Protection Program loan application and submit the application with the required documentation to an approved lender that is available to process your application by June 30, 2020. Click [HERE](#) for the application.

What other documents will I need to include in my application?

You will need to provide your lender with payroll documentation.

Who is eligible?

Small businesses, tribal businesses, 501(c)(19) veteran organizations, and 501(c)(3) nonprofits, including religious organizations, will be eligible for the program if they have 500 employees or less. 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).

Are restaurants and hotels eligible?

Yes, restaurants, hotels are eligible if they have less than 500 employees at each location, as SBA's affiliation rules are waived for these industries. Additionally, independently owned franchises with under 500 employees, who are approved by SBA, are also eligible. Eligible franchises can be found through SBA's Franchise Directory.

Are farmers and ranchers eligible?

Yes, agriculture operations with less than 500 employees are eligible for Triple P loans, even if the borrower was ineligible in the past. For Triple P, the standard revenue-based industry standards under the NAICS are waived.

What if my business is forced to temporarily close?

Your business can close anytime between February 15, 2020 – June 30, 2020, without losing loan eligibility. Keep in mind that under Triple P, the loan can be used for payroll support even if your business is forced to close. This means you can use Triple P to keep employees on the payroll, and not lose the forgiveness benefit.

I am an independent contractor or gig economy worker, am I eligible?

Yes. Sole proprietors, independent contractors, gig economy workers, and self-employed individuals are all eligible for the Paycheck Protection Program.

Are the loans really forgiven?

The amount of the loan spent on payroll, mortgage interest, rent, and/or utilities for 8 weeks following loan origination will be forgiven if employers keep payroll the same. In short, the federal taxpayer is picking up the tab for your payroll, rent, and electricity for 8 weeks.

If employers reduce headcount, the amount of forgiveness will also be reduced proportionally. Any employer that already laid off employees after February 15, 2020 have 30 days to hire them back after the CARES Act is signed into law, to still receive the full loan forgiveness benefit.

What are the terms?

Loans can be for up to two months of your average monthly payroll costs from the last year plus an additional 25% of that amount. That amount is subject to a \$10 million cap. If you are a seasonal or new business, you will use different applicable periods for your calculation. Payroll costs will be capped at \$100,000 annualized for each employee. There is a 1.0% fixed rate, all loan payments are deferred for 6 months; however, interest will continue to accrue over this period. The loan is due in 2 years.

Those 8 weeks may be applied to any time frame between February 15, 2020 and June 30, 2020. Seasonal business expenses will be measured using 12 week beginning February 15, 2019, or March 1, 2019, whichever the seasonal employer chooses. If you keep all of your employees, the entirety of the loan will be forgiven. If you still lay off employees, the forgiveness will be reduced by the percent decrease in the number of employees. If your total payroll expenses on workers making less than \$100,000 annually decrease by more than 25 percent, loan forgiveness will be reduced by the same amount. If you have already laid off some employees, you can still be forgiven for the full amount of your payroll cost if you rehire your employees by June 30, 2020. If the full principal of the Triple P loan is forgiven, the borrower is not responsible for the interest accrued in the 8-week covered period. The remainder of the loan that is not forgiven will operate according to the loan terms agreed upon by you and the lender.

Do other loans make me ineligible for Triple P?

You can take out a state bridge loan and still be eligible for the Triple P loan. If you received an EIDL loan related to COVID-19 between January 31, 2020, and the date at which the Triple P loan becomes available, you would be able to refinance the EIDL into the Triple P for loan forgiveness purposes. However, you may not take out an EIDL and a Triple P loan for the same purposes. Remaining portions of the EIDL, for purposes other than those laid out in loan forgiveness terms for a PPP loan, would remain a loan. If you took advantage of an emergency EIDL grant award of up to \$10,000, that amount would be subtracted from the amount forgiven under the Triple P program.