Understanding the Paycheck Protection Program

Who is Mi Casa Resource Center?
Mi Casa Resource Center believes in the potential of all people to achieve their educational, professional, and entrepreneurial goals. We educate, train, and support youth and adults on their path to economic success.

Our Business Pathways program offers trainings, business consulting, workshops, ProBono Patent Program, and navigation services. Our Career Pathways offers trainings, workshops, career coaching, and navigation services.

Paycheck Protection Program
The Paycheck Protection Program (PPP) is part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The fund is approximately $350 billion dollars intended to provide small businesses with 8 weeks of cash-flow assistance through 100% federally guaranteed loans.

To read the entire bill, click here.

100% federally guaranteed loans.

Program Features
- Small businesses are eligible
- The loan has a maturity rate of 2 yrs and an interest rate of 1%
- No need to make loan payments for 6 months, up to 1 year
- No collateral or personal guarantees required
- No fees
- The loan covers expenses from Feb 15, 2020 to June 30, 2020
- The loan can be forgiven and essentially turn into a non-taxable grant

Do you qualify for the program?
- Sole proprietorships will need to submit a tax return for their business (or to be filed) showing income and expenses from the sole proprietorship
- Independent contractors will need to submit Form 1099-MISC
- Self-employed individuals will need to submit payroll tax filings reported to the IRS

How does PPP differ than the SBA Disaster Loan?
- No personal or business collateral is required. The SBA Disaster loan may require collateral for loan amounts over $25,000.
- It’s ok if you also have credit elsewhere. To receive a SBA disaster loan you typically need to have no other source of credit.
- The funding covers a more restrictive set of purposes. The SBA disaster loan can cover most operating expenses.
- The loan can be forgiven if you follow the terms. The SBA disaster loan requires payment.

How is this similar to the SBA disaster loan?
- Need to declare that the uncertainty of current economic conditions make the loan necessary
- No cost to apply
- The loan is long-term (max 10 yrs) and low-interest (max 4%)
- Extended deferment period 6-12 months, depending on lender
- No prepayment penalty

Can I apply for PPP and an SBA disaster loan?
- Yes, you cannot apply for an EIDL for the same purpose as the PPP
- When you apply for the EIDL, you can also request a $10,000 emergency grant
- If approved, the SBA will provide the grant within 3 days. To apply, click here.

What can the PPP funds be used for?
- Funds must be used to retain workers and maintain payroll or make mortgage payments during 8 weeks after loan approval, lease payment, and utility payments. Funds used for other purposes will not be eligible for forgiveness
- Payroll and commission payment
- Group health care benefits/insurance premiums
- Mortgage interest payments
- Utilities
- Interest on any other debt obligations that were incurred before the covered period

How much funding can I receive?
- The max amount a business can receive from an SBA-approved lender is your monthly average payroll cost in the prior 12 months or 2019, multiplied by 2.5, and up to a max of $10 million.
- If you are a seasonal employer, the monthly average cost will be calculated differently. The lender will use a 12-week timeframe beginning Feb 15, 2019 or Mar 1, 2019 and ending June 30, 2019.
- If your business did not exist before June 30, 2019, the SBA approved lender will look at your costs in Jan and Feb 2020.

Alright, so how do you apply?
- SBA Lender Match Tool, click here.
- Sole proprietors can begin to apply on April 3
- Independent contractors and self-employed individuals can apply on April 10
- You are encouraged to apply early, as there is a funding cap.
- Applications are accepted until June 30, 2020

You will be asked to verify the following:
- Funds will be used to retain workers and maintain payroll or make mortgage interest payments, lease payments, and utility payments
- That you do not currently have an SBA loan for the same purposes and uses of the PPP
- During the period of Feb 15, 2020 – Dec 31, 2020 you did not receive additional loans for the same purpose

Payment Protection Program Application

How can I get my loan forgiven?
In the 8 weeks following your loan signing date, all expenses related to the following can be forgiven:
- Payroll – salary, wage, vacation, parental, family, medical, sick leave, health benefits, at least 75% of loan
- Mortgage Interest – as long as the mortgage was signed before Feb 15, 2020
- Rent – as long as the lease agreement was in effect before Feb 15, 2020
- Utilities – as long as service began prior to Feb 15, 2020

What are the conditions for loan forgiveness?
You must commit to maintaining an average monthly number of full-time equivalent employees equal or above the average monthly number of FTE during the previous 1 yr. Also can’t decrease salaries by over 25% for those making under $100,000. If already fired or decreased salary you can make up for it by June 30, 2020.