

GROWERTALKS

COVID-19

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Paycheck Protection Program: Small Business Loan Guarantee & Forgiveness

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The Paycheck Protection Program's application period opened last Friday, April 3. PPP is a new innovative small business loan program intended to provide eligible small businesses with eight weeks of cash-flow assistance through a 100% federally guaranteed loan from the U.S. Small Business Administration (SBA).

The Paycheck Protection Program is designed to encourage employers to retain your workers and encourage employers to rehire them. This PPP loan may also be 100% forgivable! The amount any small business is eligible to borrow and be forgiven is 250% of their average monthly payroll expenses, up to a total of \$10 million.

The application period for this PPP small business loan opened on April 3! Although \$349 billion is available, the number of Paycheck Protection Program applications is expected to be enormous because every small business in the nation with fewer than 500 employees is eligible to apply. If you decide to apply, FNGLA urges you to do so very quickly!

The Paycheck Protection Program is open to landscape firms, retail garden centers, horticultural suppliers, and nursery and greenhouse crop production operations! FNGLA worked to ensure SBA's often exclusion of agricultural producers did NOT apply to the PPP.

Highlights of the new Paycheck Protection Program Loan Guarantee and Forgiveness:

- The maximum loan amount of this brand-new Paycheck Protection Program is doubled to \$10 million for 2020. Proceeds may be applied to employee salaries, paid medical or sick leave, insurance premiums, mortgage payments and other business debt obligations.
- In assessing the risk of a bank's portfolio, CARES Act loans are given zero risk weight.
- For this CARES Act loan program, the definition of "small business" means businesses with fewer than 500 employees, including those with multiple locations.
- Eligibility requirements are based on targeted COVID-19 relief targeted goals including salaries and payroll taxes paid—not the typical "repayment ability."
- Collateral & personal guarantee requirements are waived unlike other SBA 7(a) loans.
- Federal government guarantee is 100% through 2020. Next year, it reverts back to 75% for loans above

\$150,000 and 85% for \$150,000 loans or below.

- Paycheck Protection Program provides for forgiveness of the loan in an amount equal to the cost of continued payroll costs retroactive to February 15 through June 30. "Payroll Costs" are defined broadly and include the cost of insurance and other benefits.
- If your business was in operation on February 15, then the presumption is it was affected by COVID-19 and application fees are waived.
- Loan repayment is deferred at least six months and up to a year.

To access the Paycheck Protection Program application form, go directly to: <https://home.treasury.gov/policy-issues/top-priorities/cares-act/assistance-for-small-businesses>.