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Paycheck Protection Program FAQ

There has been a lot of talk about the Paycheck Protection Program over the last week, but not a lot of information about what it is. So, we thought we'd try to answer a few questions.

What is the Paycheck Protection Program?

The Paycheck Protection Program, or PPP, was part of the \$2 trillion economic stimulus package called the Coronavirus Aid, Relief, and Economic Security Act, also referred to as the CARES Act. Administered by the Small Business Administration (SBA), the goal of the PPP is to provide funds to small businesses to keep their employees on the payroll for eight weeks.

The maximum loan amount is 2.5 times eligible monthly payroll costs.

Who is eligible for a PPP loan?

Businesses, 501(c)(3) nonprofit organizations, 501(c)(19) veterans' organizations, and Tribal business concerns that have been in operation since February 15, 2020, are eligible for the loan. This includes sole proprietors, independent contractors, and people who are self-employed. Businesses must have fewer than 500 employees, although this may vary based on SBA requirements for your industry.

Do I have to pay back the loan?

The loans are 100% forgivable if all employees are kept on the payroll for eight weeks and at least 75% of the loan is used for payroll. The rest of the loan dollars can be used on rent, mortgage interest, utilities, payroll costs, and healthcare costs.

The amount of the loan that is forgivable is reduced if headcount declines or salaries or wages decrease. So, employers who receive a PPP loan must maintain their current payroll levels or quickly rehire employees, even if their business is not open.

PPP loans have a two-year term, but payments are deferred for six months. The interest rate for loans or portions of loans that are not forgivable is 1%.

Where can I apply for a PPP loan?

New Dimensions FCU is a certified SBA lender and is providing PPP loans. To apply for a PPP loan, contact us at (800) 326-6190.