

## **COUNCIL EMERGENCY RELIEF PAYCHECK PROTECTION PROGRAM (PPP) INFORMATION SHEET: BORROWERS**

The City Council Emergency Relief Program Paycheck Protection Program (“PPP”) authorizes up to \$1,000,000 in forgivable loans to small businesses to pay their employees during the COVID-19 crisis. *All loan terms will be the same for everyone.*

The loan amounts will be forgiven as long as:

- The loan proceeds are used to cover payroll costs, and most mortgage interest, rent, and utility costs over the 8 week period after the loan is made; and
- Employee and compensation levels are maintained.
- Loan amounts are capped at \$5,000 and will be deferred for 6 months.

**Where can I apply?** The Office of Business Diversity and Compliance (OBDC) will administer the loans.

**Who can apply?** Small, locally-owned, and/or black-owned, women-owned, or other minority- owned businesses. Eligible businesses must be located in Memphis and the primary owner(s) must be residents of Memphis, and must employ at least one (1) other person that's not an immediate family member.

**What do I need to apply?** You will need to complete the City Council Emergency Relief Program Paycheck Protection Program (“PPP”) application and submit the application with the required documentation to the Office of Business Diversity and Compliance.

**What other documents will I need to include in my application?** You will need to provide OBDC with payroll documentation.

**How many loans can I take out under this program?** Only one.

**What can I use these loans for?** You should use the proceeds from these loans on your:

- Payroll costs, including benefits;
- Interest on mortgage obligations, incurred before February 15, 2020;
- Rent, under lease agreements in force before February 15, 2020; and
- Utilities, for which service began before February 15, 2020.

**What counts as payroll costs?** Payroll costs include:

- Salary, wages, commissions, or tips;
- Employee benefits including costs for vacation, parental, family, medical, or sick leave; allowance for separation or dismissal; payments required for the provisions of group health care benefits including insurance premiums; and payment of any retirement benefit;
- State and local taxes assessed on compensation; and

**Does the PPP cover paid sick leave?**

Yes, the PPP covers payroll costs, which include employee benefits such as costs for parental, family, medical, or sick leave. Additional Resources for sick leave are available through FFCRA's Paid Sick Leave Refundable Credit [online](#).

**How large can my loan be?** Loans are capped at \$5,000.

periods for your calculation. Payroll costs will be capped at \$100,000 annualized for each employee.

**How much of my loan will be forgiven?** You will owe money when your loan is due if you use the loan amount for anything other than payroll costs, mortgage interest, rent, and utilities payments over the 8 weeks after getting the loan.

You will also owe money if you do not maintain your staff and payroll.

- **Number of Staff:** Your loan forgiveness will be reduced if you decrease your full-time employee headcount.
- **Level of Payroll:** Your loan forgiveness will also be reduced if you decrease salaries and wages by more than 25% for any employee that made less than \$50,000 annualized in 2019.
- **Re-Hiring:** You have until June 30, 2020 to restore your full-time employment and salary levels for any changes made between February 15, 2020 and May 1, 2020.

**How can I request loan forgiveness?** You can submit a request to OBDC. The request will include documents that verify the number of full-time equivalent employees and pay rates, as well as the payments on eligible mortgage, lease, and utility obligations. You must certify that the documents are true and that you used the forgiveness amount to keep employees and make eligible mortgage interest, rent, and utility payments. OBDC must make a decision on the forgiveness within 60 days.

**What is my interest rate?** 1.00% fixed rate.

**When do I need to start paying interest on my loan?** All payments are deferred for 6 months; however, interest will continue to accrue over this period.

**When is my loan due?** In 2 years.

**Can I pay my loan earlier than 2 years?** Yes. There are no prepayment penalties or fees.

**Do I need to pledge any collateral for these loans?** No. No collateral is required.

**Do I need to personally guarantee this loan?** No. There is no personal guarantee requirement. \*\*\*However, if the proceeds are used for fraudulent purposes, appropriate legal action will be taken.\*\*\*

**What do I need to certify?** As part of your application, you need to certify in good faith that:

- You operate a small, locally-owned, and/or black-owned, women-owned, or other minority-owned businesses located in Memphis and the primary

owner(s) must be residents of Memphis, and must employ at least one (1) other person that's not an immediate family member.

- Current economic uncertainty makes the loan necessary to support your ongoing operations.
- The funds will be used to retain workers and maintain payroll or to make mortgage, lease, and utility payments.
- You have not and will not receive another loan under this program.
- You will provide to the lender documentation that verifies the number of full-time equivalent employees on payroll and the dollar amounts of payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities for the eight weeks after getting this loan.
- Loan forgiveness will be provided for the sum of documented payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities.
- All the information you provided in your application and in all supporting documents and forms is true and accurate. Knowingly making a false statement to get a loan under this program is punishable by law.
- You affirm that the tax documents are identical to those you submitted to the IRS.