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COVID-19

Small Businesses Still Have Time to Receive PPP Funds

The program is set to close on June 30, so there are only a few days left in the program. With billions of dollars still available, this is a unique opportunity for small businesses to access funding that has the opportunity to be completely forgiven.

Jun. 26, 2020

**PAYCHECK
PROTECTION
PROGRAM**



It's been several weeks since most states have started to re-open their economy, but many small businesses are still struggling to find financial stability. Recognizing these hardships, the [Small Business Association \(SBA\)](#) implemented the Paycheck

Protection Program (PPP) back in April to provide payroll assistance, but many are still in need of financial help.

The program officially ends on June 30, 2020, but with over \$130 billion still available small businesses still have a window to access this funding. Here's an overview of the program and how [small businesses can still apply](#):

What businesses are eligible?:

Whether an LLC, corporation, sole proprietor or independent contractor, any company with fewer than 500 employees and in business before February 15th, 2020 is eligible to apply for a PPP loan. For more specifics on company eligibility, this [guide](#) outlines specifics.

The application process also requires documents to be provided depending on the company's business structure, which businesses can reference [here](#).

How can small businesses apply?

As the program is winding down, small businesses should ask their local credit union or bank if they're still accepting applications and the criteria required to apply. Many banks require customers to have existing credit relationships in order to process a PPP loan. Other SBA-approved lenders across the nation can be found using [this tool](#).

My company, [Kabbage](#), has been deputized by the SBA as a direct lender in the PPP, and we will continue to accept applications until 11:59pm ET on June 28. Any business may apply, whether they're an existing customer or not. Our technology allows customers to apply and be approved in hours, and we've seen great success with CPAs supporting their clients.

Nury Saenz, owner of the accounting firm, IN2Tax and Accounting turned to Kabbage to access PPP funding. Saenz said that other banks provided her business and clients with "no options" as the crisis forced her to lay off employees, which compounded the difficulty navigating the PPP for her and her clients with a limited staff. "I've now successfully helped over 25 clients through Kabbage," said Saenz.

How are loans calculated?

PPP loans are calculated as 2.5 times the average monthly payroll for a business. The SBA has capped PPP loans at \$10 million, but some lenders have set their own limits.

For example, Kabbage is processing PPP loans up to \$2 million as we're predominantly serving America's smallest businesses including rural business and non-employer companies that may need lower amounts of funding.

Once approved, how can the loan be used?:

The funds are intended to cover payroll costs and retain staff. At least 60% of the funding must be used to cover payroll to be eligible for forgiveness. Any remaining percentage, up to 40%, must be used on mortgage interest, utilities, lease, or rent costs.

If a business does not spend at least 60% of the loan on payroll, the funds will turn into a five-year loan with a 1% interest rate.

How does forgiveness work?

The SBA continues to issue new guidance for forgiveness, which is routinely updated [here](#). The upside is there is no rush to apply for forgiveness as there was to apply for funding. Businesses have up to 24 weeks to use the funds appropriately to be eligible for forgiveness and will benefit from waiting to apply while the SBA finalizes their guidance. It's possible businesses that apply for forgiveness early will not have the same outcomes as companies that apply later.

Final tips worth mentioning?:

The program is set to close on June 30, so there are only a few days left in the program. With billions of dollars still available, this is a unique opportunity for small businesses to access funding that has the opportunity to be completely forgiven.

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