

## **COVID-19 Paycheck Protection Program Summary: Apply Today to Help Protect Your Psychiatry Practice**

As of Friday, April 3, 2020, the Small Business Administration (SBA) is accepting loan applications from lenders under the Paycheck Protection Program (PPP), enacted March 27<sup>th</sup>. AAPM&R strongly advises all psychiatry practices to explore this program to see if you are eligible and wish to participate in this first-come, first-served \$349 billion program. Once these dollars are exhausted, the program will not accept additional applications unless Congress expands and further funds the program. PPP loans do not have to be paid back if borrowers use at least 75% of the loan to retain employees and cover other specified expenses over an eight-week period. For more information on the PPP, please consult a detailed memo [here](#), visit the SBA's dedicated website [here](#), and review the Interim Final Regulations, guidance published on April 2, 2020, [here](#).

### ➤ **What is Available?**

Under the PPP, small businesses and 501(c)(3) nonprofits may apply for loans of up to \$10 million, based on a formula tied to the entity's payroll costs. These loans may be applied to payroll costs between February 15 and June 30, 2020, including the costs of benefits (including healthcare and retirement), employee leave, insurance premiums, state and local taxes on employee compensation, mortgage interest, rent, and interest on outstanding debt. Loans may be forgiven in whole or in part if certain criteria are met, described below.

### ➤ **Who is Eligible?**

Small businesses that are eligible for PPP loans generally must have fewer than 500 employees and must have been in operation as of February 15, 2020. This means that the vast majority of psychiatry practices across the country are eligible for these loans.

### ➤ **What Happens After I Apply?**

Once an application is submitted and approved, the loan will carry an interest rate of 1.0% for a maximum term of 2 years. No personal guarantee or collateral will be required, and the borrower pays no fees. Loans do not have to begin to be repaid for six months, but interest accrues during that time. Loan funds used for payroll costs, mortgage interest payments, rent, and utility payments, up to the full amount of the loan (and interest) may be forgiven. At least 75% of the forgiven amount must be used for payroll costs. The loan forgiveness amount will be *reduced* if the borrower cuts their staff during the eight weeks after the origination date of the loan or reduces salaries or wages of any employee by more than 25%. The PPP was intended to keep workers employed, so borrowers are incentivized to do so via the loan forgiveness option.

### ➤ **How Do I Apply?**

Applications may be submitted to any lending institution currently approved by the SBA or the Treasury Department, with additional lenders expected to join the program. The SBA has prepared a sample application form for participating entities, available [here](#). SBA allowed lenders started processing applications beginning April 3, and the program will be open to applicants through June 30, 2020, but because of extraordinary demand, applicants are encouraged to apply immediately. It all starts by contacting your commercial lender. Additional resources provided by congressional offices on the PPP process can be found [here](#) and [here](#).