Paycheck Protection Program (PPP) Summary

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) establishes a $349B "Paycheck Protection Program" (PPP) for small businesses financially suffering from the COVID-19 crisis.

The PPP covers the period from February 15, 2020, through June 30, 2020, and allows qualifying businesses to borrow money for a variety of qualified costs related to employee compensation and benefits.

Fully Forgiven: Funds are provided in the form of loans that will be fully forgiven when used for payroll costs, interest on mortgages, rent, and utilities (due to likely high subscription, at least 75% of the forgiven amount must have been used for payroll). Loan payments will also be deferred for six months. No collateral or personal guarantees are required. Neither the government nor lenders will charge small businesses any fees.

Must Keep Employees on the Payroll—or Rehire Quickly: Forgiveness is based on the employer maintaining or quickly rehiring employees and maintaining salary levels. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease.

All Small Businesses Eligible: Small businesses with 500 or fewer employees are eligible. Businesses with more than 500 employees are eligible in certain industries.

When to Apply: Starting April 3, 2020, small businesses and sole proprietorships can apply. Starting April 10, 2020, independent contractors and self-employed individuals can apply. We encourage you to apply as quickly as you can because there is a funding cap.

How to Apply: You can apply through Bank of Hawaii, First Hawaiian Bank, American Savings Bank, Central Pacific Bank, and participating federally insured credit unions. All loans will have the same terms regardless of lender or borrower. A list of participating lenders as well as additional information and full terms can be found at www.sba.gov.

The application can be found here.