The Paycheck Protection Program, part of the new CARES stimulus package, is a federal loan program aimed at helping small businesses, including sole proprietors, independent contractors and eligible self-employed individuals, who have been severely impacted by COVID-19. The main objective of the loan is to help these businesses retain their workforce. As a self-employed individual, this program will provide funds to pay yourself.

**HOW ARE ELIGIBLE SELF-EMPLOYED INDIVIDUALS DEFINED?**

- Sole proprietors: You report income and pay taxes on a Schedule C in your personal tax return
- Independent contractors: You collect 1099-MISC forms

**WHEN CAN I APPLY?**

- Sole proprietorships can apply starting **April 3** through existing SBA lenders
- Independent contractors and self-employed individuals can apply starting **April 10** through existing SBA lenders

You have until June 30, 2020 to apply for the PPP, but we encourage you to apply as soon as possible. There is a finite amount of funding available through the PPP and we do not know when the total amount of funds will be exhausted.

**WHAT DO I NEED TO APPLY FOR THE PPP?**

- You must prove you were in operation on February 15, 2020
- Submit documentation to establish eligibility such as payroll processor records, payroll tax filings, Form 1099-MISC, or income and expenses from a sole proprietorship

For borrowers that do not have any of the above documents, your lender will request other supporting documentation, such as bank records, to demonstrate your qualifying payroll amount.

**SINCE THE PPP LOAN AMOUNT IS BASED ON MY PAYROLL, HOW DO I CALCULATE THAT?**

Payroll for sole props, self-employed and independent contractors is based on the sum of payments of any compensation to or income that is a wage, commission, income, net earnings from self-employment or similar compensation. To calculate the payroll expense, you can count your wages AND any amount of net income on the business up to $100,000 under the guidelines of the CARES Act. We’ll calculate your loan amount by taking your average monthly payroll and multiplying it by 2 1/2.

**WHAT ARE THE TERMS OF LOAN FORGIVENESS?**

We fully expect more detailed guidance around forgiveness. We’ll keep you informed as we continue to receive guidance from the SBA and Treasury.
HOW LONG WILL IT TAKE TO GET MY LOAN PROCEEDS?
According to the latest guidance from the SBA, your bank must make the first disbursement of the PPP loan no later than 10 calendar days after the loan is approved.

CAN I APPLY FOR A PPP LOAN THROUGH LIVE OAK BANK?
Our effort to put CARES Act capital into the hands of small business owners nationwide is underway. We are busy processing Paycheck Protection Program loans and are unable to accept new applications at this time. We are working as quickly as possible with the hope of helping others but can make no assurances.

We appreciate your patience as we navigate the latest developments. Thank you and stay tuned for updates by checking our COVID-19 resources page: https://www.liveoakbank.com/crisis-small-business-resources/.

This information is accurate and updated as of 4.17.2020. Terms and conditions are subject to change.
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