

## **PPP Loans for 1099 Independent Contractors**

*This information is about PPP loans for 1099-MISC Independent Contractors. For more information on PPP loans generally click [here](#).*

### **[Get Started – 1099](#)**

A Paycheck Protection Program (PPP) loan is part of the \$2 trillion Coronavirus Aid, Relief, and Economic Security Act (CARES) Act, with \$349 billion designated for PPP loans. Independent contractors receiving 1099-MISC forms and self-employed individuals are eligible to apply for these potentially 100% forgivable loans beginning on April 10, 2020.

The requirements are straightforward. You must have been in operation on February 15, 2020, your business must have been harmed by the COVID-19 pandemic, and you must submit the required documentation along with your loan application.

#### **Loan Details and Forgiveness**

- The maximum loan size is up to 2.5 times your average monthly 1099-MISC or net self-employment income for the past 12 months.
- All amounts spent on the following list of items during the first 8 weeks of the loan term are 100% forgivable: (a) to replace your 1099-MISC income or your net self-employment income, (b) interest on mortgages, (c) business rent, and (d) business utilities. Note that if more than 25% of this amount is used for interest on mortgages, c business rent, and business utilities, not all of the amount spent may be forgivable.
- The interest rate is fixed at 1% and the loan term is 2 years.
- 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 for the loans.

#### **What do I need to apply?**

Once you know what lender you will be applying with, you will need to complete the Paycheck Protection Program loan application and submit the application with the required documentation to an approved lender that is available to process your application by June 30, 2020. If you submit a PPP loan request through [SBA.com](#), our PPP loan agent partner Lendio will work to find a lender for you and, if successful, will act as your loan agent to assist you with putting together your application and submitting it to your lender.

#### **Where can I apply?**

When you fill out a request for a PPP Loan at <http://1099.sba.com>, we promptly send it electronically to our PPP Loan agent partner Lendio. Lendio will review this initial request. If they determine that you may qualify for a PPP loan, they then connect you with a specific lender in their network and assist you in submitting your loan application to the lender. For more information on how our PPP loan request service works see our Advertiser Disclosure.

Any existing SBA lender and any federally insured depository institution, federally insured credit union, and Farm Credit System institution is eligible to make PPP loans. Other regulated lenders will be available to make these loans once they are approved and enrolled in the program. You should consult with your local lender as to whether it is participating. Visit [www.sba.gov](http://www.sba.gov) for a list of SBA lenders. You do not need to use this site in order to apply.

**Do I need to first look for other funds before applying to this program?**

No. The government is waiving the usual SBA requirement that you try to obtain some or all of the loan funds from other sources.

**How long will this program last?**

Although the program is open until June 30, 2020, the government is encouraging borrowers to apply as quickly as possible because there is a funding cap and lenders need time to process your loan.

**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:

- Replacement for your normal 1099-MISC or net self-employment income (capped at \$100,000 on an annualized basis for each employee).
- 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.

**How can I request loan forgiveness?**

You can submit a request to the lender that is servicing the loan. 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. The lender must make a decision on the forgiveness within 60 days.

**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, the U.S. government will pursue criminal charges against you.

**What do I need to certify?**

As part of your application, you need to certify in good faith that:

- 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. Due to likely high subscription, it is anticipated that not more than 25% of the forgiven amount may be for non-payroll costs.

- 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 acknowledge that the lender will calculate the eligible loan amount using the tax documents you submitted. You affirm that the tax documents are identical to those you submitted to the IRS. And you also understand, acknowledge, and agree that the lender can share the tax information with the SBA's authorized representatives, including authorized representatives of the SBA Office of Inspector General, for the purpose of compliance with SBA Loan Program Requirements and all SBA reviews.

**You just learned about: PPP Loans for 1099 Independent Contractors**

For more information, check out this related resource: [Funding a Business](#)