



SBA Paycheck Protection Program

The *Coronavirus Aid Relief and Economic Security (CARES) Act* includes nearly \$350 billion to create the Paycheck Protection Program (PPP), which will provide small businesses and other entities with loans of up to \$10 million. Up to eight weeks of average payroll and other costs will be forgiven if the business retains its employees.

Eligible Borrowers

- Small businesses, 501(c)(3) nonprofits, and 501(c)(19) veteran's organizations with not more than 500 employees, or the applicable size standard for the industry as provided by SBA, if higher.
- Sole-proprietors, independent contractors, and other self-employed individuals.
- Businesses assigned a NAICS code beginning with 72 (Accommodation and Food Services) with more than one physical location that employs no more than 500 employees per physical location.

Loan Terms

- Maximum loan amount of \$10 million, calculated by multiplying the average total monthly payroll costs by 2.5.
- Principal and interest payments can be deferred for up to a year.
- Borrower fees are waived.
- 100 percent government guaranteed.
- Collateral and personal guarantee requirements are waived.
- If a borrower has a SBA Economic Injury Disaster Loan (EIDL) related to COVID-19, there is an option to refinance that loan into a PPP loan.

Allowable Uses

- Payroll costs, such as employee salaries, paid sick or medical leave, and insurance premiums.
- Mortgage, rent, and utility payments.

Loan Forgiveness

Borrowers are eligible for loan forgiveness *equal to the amount spent on payroll costs, mortgage interest payment, rent payment, and utility payment* during the eight-week period following origination of the loan. Borrowers will verify payments through documentation to lenders.

The amount forgiven will be reduced proportionally by:

- any reduction in employees retained compared to the prior year; and,
- the reduction in pay of any employee beyond 25 percent of their prior year compensation.

To encourage employers to rehire any employees who have already been laid off due to the COVID-19 crisis, borrowers who laid off employees after February 15, 2020, *but rehired the employees within 30 days of enactment of the stimulus bill* will not be penalized.

Any loan amounts not forgiven will be carried forward as an ongoing loan with terms including: a maturity of not more than 10 years; 100 percent government guarantee; and a maximum interest rate of four percent.

Additional information on how to apply for the Paycheck Protection Program will be available at [SBA.gov](https://www.sba.gov) as soon as it is available.