



COVID-19 Response: **Paycheck Protection Program for Small Businesses**

The Paycheck Protection Program (PPP) provides small businesses with funds to pay up to 8 weeks of payroll costs including benefits. Funds can also be used to pay interest on mortgages, rent, and utilities. Specific guidelines and rules are still to be released on Friday, April 3, 2020, from the U.S. Department of Treasury and the Small Business Association. However, the information below provides a brief overview of the program, eligible borrowers, and eligible lenders.

- **PPP Loan can be 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.

- **Requirements for Forgiveness – Keep Employees on the Payroll or Rehire Quickly**

Forgiven 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.

- **Eligible Borrowers – All Small Businesses**

Small businesses with 500 or fewer employees—including nonprofits, veterans organizations, tribal concerns, self-employed individuals, sole proprietorships, and independent contractors—are eligible. Businesses with more than 500 employees are eligible in certain industries.

- **Application Process – Start Date**

Starting April 3, 2020, small businesses and sole proprietorships can apply. Starting April 10, 2020, independent contractors and self-employed individuals can apply. There is a funding cap, so if interested you are advised to apply early.

- **Application Process – Procedure and Eligible Lenders**

You can apply through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating. 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. 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 Paycheck Protection Program is implemented by the Small Business Administration with support from the U.S. Department of the Treasury. Lenders should also visit www.sba.gov or www.coronavirus.gov for more information.