

Paycheck Protection Program Overview

Updated 4/3/2020

Covered Loan Period	<ul style="list-style-type: none"> Retroactive to February 15, 2020, through June 30, 2020
Application Period	<ul style="list-style-type: none"> April 3: Small businesses and sole proprietorships can start applying for paycheck protection loans from existing SBA lenders April 10: Independent contractors and self-employed individuals can start applying for paycheck protection loans from existing SBA lenders June 30, 2020: The program application window closes
Eligible Businesses	<ul style="list-style-type: none"> Small businesses, nonprofits, Tribal business concerns, and veteran's organizations that: <ul style="list-style-type: none"> Have less than 500 employees or the applicable size standard for the industry as provided by SBA, or Are sole proprietors, self-employed individuals, or independent contractors Were in business on February 15, 2020
Maximum Loan Amount	<ul style="list-style-type: none"> The lesser of: <ul style="list-style-type: none"> 2.5X average monthly payroll costs during the 1-year period* before the date on which the loan is made, or \$10 million <i>*For new businesses, the measurement period would be Jan. 1 to Feb. 29, 2020</i> The legislation also temporarily increases the maximum amount for an SBA Express loan from \$350,000 to \$1 million through December 31, 2020
Guarantees	<ul style="list-style-type: none"> Increases the government guarantee of 7(a) loans to 100 percent through December 31, 2020
Allowable Uses	<ul style="list-style-type: none"> Payroll costs (capped at \$100,000 on an annual basis for each employee) Health care benefits (including paid sick or medical leave, and insurance premiums) Mortgage interest obligations Rent obligations Utility payments Interest on other debt obligations incurred previous to Feb. 15, 2020
Eligible Lenders	<ul style="list-style-type: none"> SBA-guaranteed lenders. SBA and the Department of the Treasury are granted authority to determine additional lenders to administer the Payment Protection Program loans
Maturity Schedule	<ul style="list-style-type: none"> All loans have a 2-year maturity
Interest Rate	<ul style="list-style-type: none"> 1 percent fixed rate
Payment Deferral	<ul style="list-style-type: none"> All payments deferred for 6 months (interest will continue to accrue)
Terms of Loan Forgiveness (Sec. 1106)	<ul style="list-style-type: none"> Loan recipients will be eligible for loan forgiveness for an 8-week period after the loan's origination date in the amount equal to the sum of the following costs incurred during that period: <ul style="list-style-type: none"> Payroll costs (capped at \$100,000 on an annual basis for each employee) Payment of interest on mortgage obligation Rent obligations Utility payments Not more than 25 percent of the forgiven loan amount may be used for non-payroll costs. If a business took out a SBA Economic Injury Disaster Loan (EIDL) related to COVID-19 between January 31 and April 3, 2020, the borrower may refinance the loan under this program and receive loan forgiveness benefits on the refinanced amount. The amount forgiven cannot exceed the amount borrowed. Loan forgiveness will be proportionally reduced if the average number of employees is reduced during the covered period as compared to the same period in 2019. The amount of loan forgiveness will be reduced by the amount of any reduction in total employee salary or wages during the covered period that is in excess of 25 percent of the total salary or wages. <ul style="list-style-type: none"> Payroll documentation and documentation of expenses are required to receive forgiveness, to ensure the forgiveness was used to retain employees and pay expenses Borrowers that rehire laid off workers by June 30 won't be penalized for having a smaller workforce at the beginning of the period Borrowers with tipped workers may receive loan forgiveness for the additional wages paid to those employees. The canceled loan amount will not count towards gross income for tax purposes.
Waivers	<ul style="list-style-type: none"> Borrower and lender fees are waived Prepayment fees are waived The Credit Elsewhere requirement is waived
Borrower Requirements	<ul style="list-style-type: none"> Borrower will need to provide lender with payroll documentation Good faith certification that the loan is necessary because of economic uncertainty caused by COVID-19 and will be applied to maintain payroll and make required payments Borrower must also certify that they are not receiving this assistance and duplicative funds for the same uses from another SBA program No collateral or personal guarantee are required
Nonbinding Guidance	<ul style="list-style-type: none"> Lenders should prioritize small businesses, entities in underserved and rural markets, veterans and members of the military community, small business concerns owned by socially and economically disadvantaged individuals, women, and businesses in operation for less than 2 years
Lender Reimbursements	<ul style="list-style-type: none"> Lenders will be reimbursed at the following rates based on the balance of the financing outstanding at the time of loan disbursement: <ul style="list-style-type: none"> 5 percent for loans up to and including \$350,000 3 percent for loans between \$350,000 and \$2,000,000 1 percent for loans above \$2,000,000
Appropriated Amounts for Program	<ul style="list-style-type: none"> \$349 billion