

CARES ACT - Paycheck Protection Program Overview

Covered Loan Period	<ul style="list-style-type: none"> • Retroactive to February 15, 2020, through June 30, 2020
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 Feb. 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 • 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 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"> • Maximum 10-year maturity after application for loan forgiveness
Interest Rate	<ul style="list-style-type: none"> • Not to exceed 4 percent during the covered period
Payment Deferral	<ul style="list-style-type: none"> • Not less than 6 months and not more than 1 year (including payment of principal, interest, and fees)
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 (compensation above \$100,000 excluded) • Payment of interest on mortgage obligation • Rent obligations • Utility payments • 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. • Lenders have 60 days to issue a decision on the application. • 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
Borrower Requirements	<ul style="list-style-type: none"> • 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 \$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

