

On March 31, the Small Business Administration released its [sample application](#) for the Paychecks Protection Program loan established in the recently passed COVID-19 CARES Act, President Trump signed into law March 27, 2020. While the Federal Government through the SBA provides a 100% guarantee of these loans, businesses must still go through a traditional private lender such as bank, community bank, credit union, etc. that is authorized to provide an SBA loan – a nation-wide network with more than 1,800 certified lending institutions.

Please contact your lender immediately. More information on the loan is found on the [SBA website](#) and below; please note, the Paychecks Protection Program loan is separate from the SBA Disaster Loan Program previously created. The Department of Treasury also posted information sheets for [borrowers](#) and [lenders](#).

Lenders may begin processing loan applications as soon as April 3, 2020, and loans under the Paycheck Protection Program are available through June 30, 2020. This loan has a maturity of 2 years and an interest rate of .5% and with businesses up to 500 employees eligible, though SBA has made exceptions for certain industries that meet specific [size standards](#).

SBA will forgive loans if all employees are kept on the payroll for eight weeks and the money is used for payroll, rent, mortgage interest, or utilities.

The loan will be fully forgiven if the funds are 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). Forgiveness 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.

Applicants will use the loan funds based upon the average payroll for 2019, permitting salaries up to \$100,000 covered under this loan (a company with an employee making \$120,000 salary can use up to \$100,000 from the loan to cover up to that portion).

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.

To the extent feasible, the applicant will purchase only American-made equipment and products.

The applicant must affirm to and comply with the following statements:

- Current economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant.
- The funds will be used to retain workers and maintain payroll or make mortgage payments, lease payments, and utility payments; I understand that if the funds are used for unauthorized purposes, the federal government may pursue criminal fraud charges.
- Documentation verifying the number of full-time equivalent employees on payroll as well as the dollar amounts of payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities for the eight-week period following this loan will be provided to the lender.
- Applicant, to the best of their knowledge, is in compliance with applicable OSHA requirements, displaying the EEOC poster, and does not discriminate in employment.