



Paycheck Protection Loan Program

Businesses affected by COVID-19 can apply for 100% federally backed small businesses loans from their local financial institutions. If a business maintains payroll for an 8-week period throughout the pandemic, they are eligible to have a portion of their loan forgiven.

Who is eligible?

Businesses that employ 500 employees or fewer, or if your business is in an industry that has an [employee-based size standard through the Small Business Administration \(SBA\)](#) that is higher than 500 employees are eligible. 501(c)(3) nonprofits, including religious organizations, 501(c)(19) veteran organizations, sole proprietors, independent contractors, gig economy workers, and self-employed individuals are also eligible for the program.

Where can you get this loan?

Any existing SBA lenders and any lenders that are brought into the program through the Treasury. You should talk to your preferred financial lender to see if they qualify. Congress has authorized 7(a) certified lenders to process, close and service loans without SBA approval to streamline the process to get money into your business as soon as possible. Borrowers can view the [application here](#).

What can you use the loan for?

This loan is intended to cover 8 weeks of payroll expenses and any additional amounts for making payments towards debt obligations, including group health care benefits, employee salaries, interest on mortgage obligations, rent, utilities and any other debt obligations incurred before February 15, 2020.

How much can you borrow and what are the terms?

Small businesses are eligible to borrow 250 percent of their average monthly payroll expenses, up to a total of \$10 million for an 8-week period. This 8-week period may be applied to any time frame between February 15, 2020 and June 30, 2020. The loan carries an interest rate of 1% and is due in 2 years.

Is there loan forgiveness in this program?

Yes. The purpose of the Paycheck Protection Program is to help businesses retain employees at their current base pay. If you keep all of your employees on payroll during the covered period, then a portion of the loan will be forgiven. If you do lay off employees, the forgiveness will be reduced by the percent decrease in the number of employees. If you have already laid off some employees, you can still be forgiven for the full amount of your payroll cost if you rehire your employees by June 30, 2020.

Can the entire loan be forgiven?

Not necessarily. 8-weeks of payroll costs, mortgage interest, rent and utilities can be forgiven. Payroll costs include employee salaries (up to an annual rate of pay of \$100,000), hourly wages and cash tips, paid sick or medical leave, and group health insurance premiums. If the full principal of the loan is forgiven, the borrower is not responsible for the interest accrued during the 8-week period. The remainder of the loan that is not forgiven will operate according to the loan terms agreed upon by you and the lender.

When is the loan forgiven?

The loan is forgiven at the end of the 8-week period after you take out the loan. Borrowers will work with lenders to verify covered expenses and the proper amount of forgiveness.