April 2, 2020

**SBA**

Paycheck Protection Program

Small Business Loans

**WASHINGTON**—Small businesses struggling to survive the coronavirus crisis will be able to apply for government help starting Friday as part of the roughly $2 trillion economic-stimulus plan approved by Congress and signed by President Trump last week.

**Paycheck Protection Program (PPP)**: The $349 billion Paycheck Protection Program, administered by the Small Business Administration with the support of the Treasury Department, is aimed at providing short-term relief to millions of America’s small businesses so they can sustain operations and keep their workers employed.

Here is what you need to know about the program, based on details released this week by the SBA and the Treasury Department.

**Who is eligible for Paycheck Protection Program loans?**

Businesses with 500 or fewer employees are eligible to apply. They include nonprofits, self-employed individuals, independent contractors and sole proprietorships, as well as veterans and tribal organizations. In certain industries, companies with more than 500 employees can be eligible.

**Coronavirus Stimulus Plan: Loans for Small Business**

**Where and when can I apply**?

The loans will be available at all federally insured banks and credit unions, along with other lenders already approved for SBA-guaranteed loans. Small businesses and sole proprietorships can start applying Friday. Independent contractors and self-employed individuals can begin applying April 10.

**When will I get the money**?

Loans may be approved as soon as the same day, according to U.S. officials, though it might take longer for many borrowers. Officials urge businesses to apply as soon as possible because lenders need time to process loans and the program has a funding cap of $349 billion.

**How much can I borrow?**

The loans can be for as much as two months of your average monthly payroll costs from the past year, plus an additional 25% of that amount. The loan amount is capped at $10 million.

**Can the loans be forgiven?**

Yes. As much as 100% of the loan amounts are forgivable if the proceeds are used to cover the first eight weeks of payroll costs, rent, utilities and mortgage interest. The government anticipates no more than 25% of the forgiven amount may be for nonpayroll costs. Payroll costs are capped at $100,000 a year for each employee.

**How do I get the loan forgiven?**

You can submit a request to the lender servicing your loan. The request must include documents that verify the number of employees and their pay, as well as the payments on eligible mortgage, lease and utility obligations.

**What if I have already laid off my employees?**

The loans are available retroactively from Feb. 15, so employers can rehire recently laid-off employees until June 30. If you reduce the number of employees or their pay compared with the Feb. 15 levels, the amount of loan forgiveness will decrease accordingly.

**How soon do I have to use the money?**

To have their loans forgiven, borrowers must spend the proceeds to cover payroll and other expenses within eight weeks after the loans are granted.

**What are the loan terms?**

The loans carry an interest rate of 0.5% and will mature in two years, with first payment deferred for six months. The loans require no collateral or personal guarantees, and there is no fee to apply and no credit-card information is required. Loan terms are the same for everyone.

**How hard will it be to qualify for a loan?**

The loans are funded—at least initially—by lenders, who will use their own systems to determine who qualifies. You will need to submit documentation to the lender that shows your payroll information, including the payment of salaries and payroll taxes as well as the dollar amount of your average monthly payroll costs.

**Are there other SBA programs to help businesses hit by the virus fallout?**

Yes. The SBA is already accepting applications for another loan program called the Economic Injury Disaster Loan Program, which received $7 billion earlier tied to the coronavirus.

The program offers loans of as much as $2 million to cover the operating costs of businesses, including payroll, bill payments and costs associated with fixed debts.

**What are the terms of the disaster loans?**

These loans, provided directly from the SBA, carry an interest rate of 3.75% for small businesses, and as much as $10,000 of the loan amount is forgivable. The SBA offers a loan advance of as much as $10,000 for eligible applicants for the EIDL loans, including those who might later be rejected for the loans themselves.

Can businesses apply for both payroll protection and disaster loans?

Yes, but funds from each program may not be used for the same purposes. Borrowers who are approved for both payroll and disaster loans can roll their disaster loans into their payroll loans, which potentially allow for larger amounts of loan forgiveness.

The SBA and the Treasury Department have set up a webpage for the loans, which will include updates. [www.covid19relief.sba.gov](http://www.covid19relief.sba.gov)

* **Small Business Administration (SBA):** [**www.covid19relief.sba.gov**](http://www.covid19relief.sba.gov)
* **New Hampshire Division of Business and Economic Affairs (BEA):** [**www.nheconomy.com/covid19**](http://www.nheconomy.com/covid19)
* **The Falls Chamber of Commerce**:[**www.thefallschamber.com**](http://www.thefallschamber.com)
* **The City of Somersworth:** [**www.Somersworth.com**](http://www.Somersworth.com)

Robin A. Comstock

Economic Development Manager

rcomstock@Somersworth.com

603-692-9516

