

CARES Act: Paycheck Protection Program Loans

Summary for Potential Applicants

Information as of April 3, 2020

Eligibility

- Those with employees or those who generate self-employment income, there is a new loan program which may be available, called the Paycheck Protection Loan Program.
- Available to businesses or 501(c)(3) entities with 500 employees or less (exclusions may apply). Hospitality and restaurant businesses have expanded eligibility.

Where do I apply?

- Apply at an SBA-approved bank. Certifications required.

Loan Program Details

- This loan program currently offers a 2-year loan at 1% interest. Initial payment is deferred until 6 months after the loan is received. No penalty for prepayment.
- No personal guarantee or collateral is required.
- The loan amount is a function of payroll or self-employment income: Average monthly payroll costs times 2.5, limited to \$10M
 - For employers – gross wages (up to \$100K/employee); employer cost of group health plans, including insurance premiums, and employer cost of retirement benefit plans
 - For sole proprietors or independent contractors – net earnings from self-employment (limited to \$100K)

Loan Forgiveness

- All or a portion of this loan may be forgiven if spent on qualifying expenditures during an 8-week period after the loan proceeds are received – payroll, mortgage interest or rent, and utilities

RESOURCE: US Chamber Publication with Details



The matters discussed above provide general information only. You should consult with a qualified professional advisor about your specific situation before undertaking any action.