

# PAYCHECK PROTECTION PROGRAM FAQ

Your business may be eligible for the Paycheck Protection Program, a \$349 billion provision of the federal CARES Act. The program authorizes loans with a 4% interest rate that are 100% guaranteed by the Small Business Administration (SBA). Business owners should prepare to apply as quickly as possible.

## WHO IS ELIGIBLE?

- » Businesses and 501(c)(3)s with fewer than 500 employees.
- » Businesses in the hospitality industry (hotels, caterers, restaurants, etc.); other franchises with fewer than 500 employees per location may also be eligible.

## WHICH LENDERS OFFER THESE LOANS?

- » Any existing SBA lenders.
- » Any lenders brought into the program by the Treasury Department. Talk to your preferred financial lender to see if they qualify.

## WHAT CAN THE LOAN AMOUNT BE USED FOR?

- » Payroll costs
- » Group health care benefits
- » Employee salaries
- » Interest on any mortgage obligation
- » Rent
- » Utilities
- » Any debt obligations incurred before Feb. 15

## HOW MUCH CAN BE BORROWED?

The maximum amount is the lesser between \$10 million or 2.5 times the average monthly payroll based on last year's payroll.

## HOW LONG WILL IT TAKE TO RECEIVE THE MONEY?

The SBA has authorized lenders to process, close and service loans without SBA approval, giving borrowers the means to invest in their business immediately.

## WHAT IF A BORROWER CAN'T PAY IT BACK?

All payment on principal, interest and fees will be automatically deferred for six months. For businesses that retain their staff through June 30, a portion of the loan may be forgiven.

## WILL THE ENTIRE LOAN BE FORGIVEN?

Any portion that is used to cover payroll costs, interest on mortgage, rent, utilities or existing debt obligations in the eight weeks following administration of the loan will be forgiven in full if the business retains staff through June 30.

## HOW SHOULD A BUSINESS OWNER PREPARE TO APPLY?

- » Calculate the maximum amount you can borrow - 2.5x your average monthly payroll for up to \$10 million dollars.
- » Estimate your expenses for payroll, interest on mortgage, rent, utilities, and existing debt obligations between now and June 30. That level of expense is fully forgivable if you keep staff on payroll and don't reduce standard pay by more than 25%.
- » If estimated forgivable expenses fall below the maximum amount you can borrow, apply for at least the amount that will be forgiven while considering any additional expenses you might incur.