

## Small Business

### Paycheck Protection Program

The Paycheck Protection Program appropriates **\$349 billion** toward job retention and other expenses.

- Applies to small business with **500 or fewer employees**
- Includes not-for-profits, veterans' organizations, tribal concerns, self-employed individuals, sole proprietorships and independent contractors
- Used to pay **up to 8 weeks** of payroll costs including benefits.
- Funds can also be used to pay interest on mortgages, rent, and utilities.

This program offers forgivable loans to cover employee costs incurred with the goal of helping businesses avoid laying off their workers. Funds are provided in the form of loans that will be fully forgiven when 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
- loan payments will be deferred for six months
- no collateral or personal guarantees are required.
- neither the government nor lenders will charge small businesses any fees.

Loan forgiveness is based on the employer:

- using the loan for payroll costs, interest on mortgages, rent and utilities
- maintaining or quickly rehiring employees
- maintaining salary levels.

**\*Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease.**

Starting **April 3, 2020**, small businesses and sole proprietorships can apply.

Starting **April 10, 2020**, independent contractors and self-employed individuals can apply.

Application for these loans is made through existing SBA 7(a) lenders or any federally insured depository institution, federally insured credit union, or Farm Credit System institution that is participating.

A list of participating lenders as well as additional information and full terms can be found at:

[www.sba.gov](http://www.sba.gov)

<https://www.altogetheralabama.org/state-business-resources>

Source information: <https://home.treasury.gov/system/files/136/PPP%20--%20Overview.pdf>

<https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources>

## **Economic Injury Disaster Loans and Emergency Economic Injury Grants**

Appropriates \$10 billion to expand eligibility for access to Economic Injury Disaster Loans.

- Applies to small business with **500 or fewer employees**
- Includes individuals operating as sole proprietorships and independent contractors

The Small Business Administration will waive personal guarantees on advances and loans below \$200,000, the requirement that applicants have been in business for the 1 year period before the disaster, and the credit elsewhere requirement.

EIDL grants provide an emergency advance of up to \$10,000 to small businesses within three days of application for the SBA Economic Injury Disaster Loan. Businesses must apply for the Economic Injury Disaster Loan, and then request the advance. These advances will not need to be repaid.

EIDL grants may be used to keep employees on payroll, pay for sick leave, meet increased production costs due to supply chain disruptions, or pay business obligations, including debts, rent and mortgage payments.

For additional guidance:

<https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/economic-injury-disaster-loan-emergency-advance>