Background

The CARES Act expands the availability of small businesses loans under Section 7(a) of the Small Business Act to include the new Paycheck Protection Program. The proceeds of these loans may be used for payroll costs, mortgage interest, rent and utilities. Up to 100% of these loans may, subject to certain restrictions, be forgiven.

Frequently Asked Questions

1. **Who is Eligible?**
   Generally, any business concern with fewer than 500 employees is eligible for a loan under the Paycheck Protection Program. Lenders will not require proof that the borrower sought and was unable to obtain credit elsewhere before applying for a loan under the Paycheck Protection Program.

2. **How Much Can be Borrowed?**
   A business can borrow up to 2.5 times its average total monthly payroll costs (with a cap of $10 million).

3. **Are Borrowers Required to Provide Collateral or a Personal Guarantee?**
   For loans made under the Paycheck Protection Program, the requirements to provide collateral and a personal guarantee have been waived.

4. **What are the Term and Interest Rate?**
   The loan has a maturity of two years and an interest rate of 1.0%.

5. **How Much is Eligible for Forgiveness?**
   Up to 100% of the Paycheck Protection Program loans that are used to pay eligible expenses in the eight-week period after the loan is made may be eligible for forgiveness; however, decreases in employee headcount or wages may reduce the amount eligible for forgiveness.

Additional Resources

Additional information can be found at:

- **Small Business Administration** - https://www.sba.gov/funding-programs/loans/paycheck-protection-program
- **U.S. Treasury Department** - https://home.treasury.gov/policy-issues/top-priorities/cares-act/assistance-for-small-businesses