

SBA Paycheck Protection Program (PPP)

President Trump signed the “Coronavirus Aid, Relief, and Economic Security Act” (the CARES Act) on the afternoon of March 27, 2020. The CARES Act amends the Small Business Act (SBA) to create a new Business Loan Program. For the period from February 15, 2020 to June 30, 2020 (covered period), the law allows the Small Business Administration to provide 100% federally-backed loans up to a maximum amount to eligible businesses to help pay operational costs like payroll, rent, health benefits, insurance premiums, utilities, etc. Subject to certain conditions, loan amounts are forgivable.

Eligibility for these Paycheck Protection Program Loans through the SBA are as follows:

- Businesses with fewer than 500 employees that continue to employ, reemploy and pay their workers through the covered period during the Coronavirus pandemic
- Eligible businesses based upon SBA standards

Below is a list of the terms for the Paycheck Protection Program:

- The loans will carry an interest rate of 4% with no pre-payment penalty and 6-month payment deferral.
- If you were in business February 15, 2019–June 30, 2019: your max loan is equal to 250% of your average monthly payroll costs during that time period or a maximum of \$10 million. If your business employs seasonal workers, you can opt to choose March 1, 2019 as your time period start date.
- If you were not in business over the full last 12 months, the loan amount will be based on 2.5 times the average payroll from January 1, 2020 through February 29, 2020.
- If loan funds are used for the approved purposes and the Company maintains the average size of their full-time equivalent workforce from February 15, 2020 to June 30, 2020, compared to the same period in the prior year - the principle of the loan will be forgiven. Should the workforce decline, the forgiveness will decline by a corresponding percentage. (note: the SBA plans to provide further clarification on loan forgiveness).
- All applicants must verify their previous six weeks of payroll, and must verify payroll, mortgage interest, rent and utility payments for eight weeks after receiving the loan.

Note: At this time we are waiting on more details from the SBA regarding the CARES program and the PPP loan program to determine how/if City will participate, as well as guidance from the SBA regarding how businesses may apply. This should be forthcoming shortly. In the meantime, feel free to share the attached guide prepared by the U.S. Chamber of Commerce that may be helpful to businesses interested in this program.

West Virginia District Office - March 2020



Your Patience is Appreciated!

The U.S. Small Business Administration is working as quickly as possible to put the mechanisms, policies and procedures in place to implement the newly-passed CARES ACT legislation. The Paycheck Protection Program is scheduled to open Friday, April 3rd. We will be providing information as soon as it becomes available. In the meantime, we ask for your patience. Once we receive guidance we will send it to you and we will then be able to better assist you with your questions.