

April 1, 2020

## **SBA TIPS SHEET**

## **SBA WEBINARS**

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# **SBA Releases Details on \$349 Billion Paycheck Protection Program**



U.S. Small Business  
Administration

The CARES Act establishes a new \$349 billion Paycheck Protection Program. The Program will provide much-needed relief to millions of small businesses so they can sustain their businesses and keep their workers employed.

This legislation provides small business job retention loans to provide eight weeks of payroll and certain overhead to keep workers employed. The Small Business Administration expects to have this program up and running by April 3rd so that businesses can go to a participating SBA 7(a) lender, bank, or credit union, apply for a loan, and be approved on the same day. The loans will be forgiven as long as the funds are used to keep employees on the payroll and for certain other expenses.

The new loan program will help small businesses with their payroll and other business operating expenses. It will provide critical capital to businesses without collateral

requirements, personal guarantees, or SBA fees – all with a 100% guarantee from SBA. All loan payments will be deferred for six months. Most importantly, the SBA will forgive the portion of the loan proceeds that are used to cover the first eight weeks of payroll costs, rent, utilities, and mortgage interest. The new loan program will be available retroactive from Feb. 15, 2020, so employers can rehire their recently laid-off employees through June 30, 2020.

## **DRAFT PAYCHECK PROTECTION PROGRAM APPLICATION**

### **SBA LENDERS LIST**

#### **Loan Terms & Conditions**

- Eligible businesses: All businesses, including non-profits, Veterans organizations, Tribal concerns, sole proprietorships, self-employed individuals, and independent contractors, with 500 or fewer employees, or no greater than the number of employees set by the SBA as the size standard for certain industries
- Maximum loan amount up to \$10 million
- Loan forgiveness if proceeds used for payroll costs and other designated business operating expenses in the 8 weeks following the date of loan origination (due to likely high subscription, it is anticipated that not more than 25% of the forgiven amount may be for non-payroll costs)
- All loans under this program will have the following identical features:
  - Interest rate of 0.5%
  - Maturity of 2 years
  - First payment deferred for six months
  - 100% guarantee by SBA
  - No collateral
  - No personal guarantees
  - No borrower or lender fees payable to SBA

Visit **[SBA.gov/Coronavirus](https://www.sba.gov/coronavirus)** for more information on SBA's assistance to small businesses and visit CEDC's website, **[columbia.com](https://www.columbia.com)** for more information on available COVID-19 relief resources for business owners.

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## About CEDC

Columbia Economic Development Corporation is the lead economic development organization for Columbia County, New York. Our mission is to strengthen the area's tax base through economic development and job creation, to assist businesses to locate and expand within the County, and to promote Columbia County as a premier spot for both business investment and personal opportunity. Learn more at [www.columbiaedc.com](http://www.columbiaedc.com).

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