

Attached is the application and information for the Paychecks Protection Program.

Paycheck Protection Program Overview

The Paycheck Protection Program intended to provide relief to small businesses providing loans to cover payroll, and other eligible expenses (mortgage, rent, utilities, etc.) for up to eight weeks. The Department of Treasury released initial guidance on the program Tuesday (Mar. 31), and the Senate Small Business Committee anticipates SBA will release their first guidance today (Mar. 31) or tomorrow (April 1). Secretary Treasury Steve Mnuchin has indicated that the aim is to begin issuing loans as early as this Friday

- For a top-line overview of the program, click [here](#)
- If you're a lender, more information can be found [here](#)
- If you're a borrower, more information can be found [here](#)
- The application for borrowers can be found [here](#)

Loan amounts will be calculated by taking the businesses average salary from last year, and multiplying that amount by 2.5. New businesses will use January and February average employee salary in to calculate loan amount.

Eligibility

In order to qualify for a loan, businesses must have fewer than 500 employees. Businesses in certain industries with over 500 employees may qualify, provided they meet SBA size standards for their respective industry. Independent contractors and 1099 employees are not intended to be included in employee count.

Lenders

SBA will utilize its existing public/private partnership infrastructure to issue loans. Lenders already authorized through SBA will be able to issue loans without having to work through SBA. Non-SBA authorized lenders may also be able to issue loans. Treasury will also be issuing loans.

It is anticipated that much of these loans will be forgiven. In anticipation of liquidity issues, lenders will be able to pre-certify how much of the is eligible for loan

forgiveness (ie. payroll costs) and SBA will buyback that amount. As such, loans are allowable on the secondary market.

A tiered lender complication fee will be included in the loan. Amounts are as follows:

- \$350,000 or less - 5%
- \$350,000 to \$2 million - 3%
- \$2 million or more - 1%

Borrowers

Borrowers will pre-certify the loan amount directly with lenders. Through this process they will indicate what the loan will be used for (payroll, rent, etc.). Borrowers will be required to submit documentation of this spending after the loan period. Borrowers will choose what eight-week period within the eligible time frame (February 15 - June 30) that the loan will cover.

Businesses should begin checking in with their banker and other local banks to see if they are authorized SBA lenders. Treasury and SBA will be releasing a list of qualified lenders following their guidance.

Q&A Senate Small Business Committee Staffer

Q: *How should groups go about obtaining loans?*

A: Much will depend on the upcoming guidance. Check with your bank and see if they are a SBA lender and start conversations with them. SBA has a lender match tool to connect with prospective lenders if they are not. Treasury will be publishing a list of approved lenders as well. Start the process through the lender.

Q: *We have concerns around the lack of rules and regulations that seem to exist. When can we expect clarification on this?*

A: SBA and Treasury will outline these issues today or tomorrow. There will then be a number of guidance issued throughout the week. They are working together to provide clear and concise guidelines.

Q: *Are farmers/ranchers eligible for these loans?*

A: Yes, they are eligible. There should be additional clarification on this.

Q: *Are contractors included in the employee count?*

A: The intent was that they would not be, independent contractors can apply for relief on their own. We will know more for sure once SBA releases their guidance on how they are interpreting the language.