Congress passed a $2 trillion economic relief plan that includes cash grants, low interest loans and payments to offset payroll. Generally speaking, businesses and nonprofits with fewer than 500 workers and sole proprietorships, independent contractors and freelancers are all eligible to apply for relief.

*In this sheet you will find information about two programs:*

**The Paycheck Protection Program**
**The Economic Injury Disaster Loan**

You may apply for both the Paycheck Protection Program and the Economic Injury Disaster Loan BUT you can not use money from each program to pay for the same business expense. For example, you can not use funds from the Economic Disaster Loan to cover payroll expenses if you have qualified for the Paycheck Protection Program.

Be forewarned! While applications are already being submitted, the federal government is still writing guidelines and rules for programs. Things continue to shift and change on a daily basis, but here is what we know today. It should also be noted that there is more demand for the money than there are dollars available and local bankers are overwhelmed with applications. If you’re interested in these programs, try to get your application in as soon as possible.

**First up, the Paycheck Protection Program (PPP)...**
Paycheck Protection Program (PPP)

What is the PPP?
The PPP is a forgivable loan to help businesses retain employees by assisting with payroll and eligible expenses (like rent and utilities.) Small business is defined as less than 500 employees (although there are some allowances outside this.)

Who administers the funding for the PPP?
The Small Business Administration (SBA) via your bank or lending institution.

How much funding is available?
Eligible businesses can borrow 2 ½ times of their average monthly payroll up to a maximum amount of $10M.

What exactly is a “forgivable” loan?
If you use 75% of the loan for payroll costs, the debt is forgiven. BUT….businesses must maintain or rehire their full time staff at 40 hours per week for a minimum of 8 weeks to qualify for forgiveness.

What if I can’t maintain my full time staff?
If businesses can’t maintain 75% of their full time staff for a minimum of 8 weeks, some funds will need to be repaid over a two year period at a 1% interest rate. No payments would be due for the first six months after the loan is issued.

What else do I need to know about the PPP program?
- All costs associated with payroll (including health benefit payments) are eligible expenses.
- Businesses only use PPP funds for the first $100,000 in payroll per employee.
- Businesses need to spend the funds in 8 weeks (although it’s not clear right now if that’s from the funding date or the date of approval.)
- If there is left over money after paying full time staff, it can be used for fixed costs (such as utilities and rent.)
- Collateral to cover the loans is not required to apply.

What’s my first step?
Start by talking to your local business banking partner.

For more information about the Paycheck Protection Program, visit the SBA's website.

Next up, the Economic Injury Disaster Loan (EIDL)...
Economic Injury Disaster Loan (EIDL)

What is the Economic Injury Disaster Loan (EIDL)?
The EIDL was a pre-existing program that offers low-interest loans of up to $2 million per small business that has suffered due to a disaster. Small business is defined as less than 500 employees (there are some allowances outside this).

How much can be borrowed?
The SBA will determine the size of the loan that approximates six months of your operating expenses.

What can it be used for?
Funds from this loan can be used for broader business expenses than the PPP and covers most things other than to refinance previous loans.

What are the terms of the loan?
Small businesses have an interest rate of 3.75% and nonprofits have a rate of 2.75%. Terms of repayment of the loan can be up to 30 years and no payment is due for the first 12 months.

Is this loan forgivable?
This loan is not forgivable (other than the EIDL emergency Loan Advance of up to $10,000. More information below.)

EIDL Emergency Loan Advance
The CARES Act allows for a grant up to $10,000 for qualified Disaster Loan applicants whether they are approved for a loan or not. This amount does not need to be repaid. (It is described in the application as a “loan advance”).

The formula as to how the SBA is determining the size of the grant has not been published, but a spokesperson from the SBA has stated it’s based on the number of pre-disaster employees.

The grant or emergency loan advance is supposed to be disbursed within three days of application. Under more normal circumstances, the SBA typically takes two weeks to make a determination on the EIDL but it is being reported that because of demand these timelines are note being met.

Where do I apply?
The loans are made directly through the Small Business Administration and you don’t have to go through a banking institution. To apply for a COVID-19 Economic Injury Disaster Loan and loan advance, click here.

For more information about Economic Injury Disaster Loans, visit the SBA's website.