

Here's how to get a small business loan under the \$349 billion coronavirus aid bill

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A network of community banks and financial institutions is gearing up to implement one of the most ambitious economic relief programs in U.S. history as small businesses across the country weather the coronavirus and its economic fallout.

The \$2 trillion coronavirus relief package signed last week, officially known as the CARES Act, includes nearly \$350 billion for a federal small business loan program called the Paycheck Protection Program. The program is designed to get cash in the hands of suffering small businesses quickly, with less red tape and fewer guardrails than the SBA's existing loan programs. It is designed to incentivize business owners to keep employees on payroll by offering them loan forgiveness.

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Business groups say lenders are moving as fast as they can to make the loans available.

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“Right now our focus is on speed in terms of making sure these banks have the ability to get loans onto main street quickly,” said Tom Sullivan, vice president of small business policy at the U.S. Chamber of Commerce, a lobbying group that is working with lenders who will be distributing the funds, which are backed by a federal loan guarantee.

The new loan program is separate from existing federal loan programs, including the Small Business Administration’s disaster relief loans. To learn about the SBA’s other relief programs, visit the [SBA’s covid-19 resource center](#) or follow [The Post’s federal disaster relief business loan Q&A](#).

Here are the details on how small-business owners can access the new federal [Paycheck Protection Program](#). This article will be updated as new information is made available.

Q: How do I apply for a small business loan through the Paycheck Protection Program?

The Small Business Administration has a network of 1,800 approved lenders that process small business loans. If you are interested in a Paycheck Protection Program loan, you should first contact your bank to see if it is an SBA-approved lender. If your bank is not an SBA-approved lender, you can contact the SBA to find one.

Q: When will the new funding be made available to small businesses?

Treasury Secretary Steven Mnuchin said Monday on Fox Business Network that small business loans will be made available starting Friday. Detailed instructions on how to apply for them are to be added to the Small Business Administration's website Monday, Mnuchin said.

Mnuchin has said in the White House's daily news briefings that a system will be set up for same-day loan evaluation.

However, Hicham Oudghiri, chief executive of a small-business-focused data analytics and fraud detection company called Enigma Technologies, said it would be difficult for most banks to meet that target without substantially increasing the risk of fraud. Most small businesses will take days just gathering the documents they need to apply, he said.

“Even the most sophisticated banks will have a hard time short cutting their processes to get money out the door this fast,” Oudghiri.

Q: Which businesses qualify under the Paycheck Protection Program?

Small businesses, nonprofits, tribal business concerns that meet the SBA's standard business size definition and veterans organizations organized under 501(c)(19) with fewer than 500 employees are eligible for loans under the program. Self-employed individuals, independent contractors and sole-proprietors also are eligible. To receive a loan, your company must have been in business as of Feb. 15.

If you are in the food service business, the 500-employee cap is applied on a per-physical-location basis, according to a fact sheet published by the U.S. Chamber of Commerce.

There are criminal penalties for submitting false information on loan applications.

Q: How much money can my business receive through the new loan program?

The Paycheck Protection Program provides small business loans of up to \$10 million to cover payroll and certain other expenses. Other SBA loan programs, including the federal disaster relief program, offer much smaller loans.

Q: What time period is covered by Paycheck Protection Program loans?

The new loans apply to costs incurred retroactive to Feb. 15 through June 30.

Q: Can the loan eventually be forgiven?

Yes. The act includes loan forgiveness for companies able to keep employees on payroll or continue paying bills throughout the coronavirus crisis.

The amount of loan forgiveness will include payroll costs for individuals below \$100,000 in annual income, mortgage and rent obligations, including interest and utility payments. The total amount will be reduced if your workforce is drawn down through attrition or if wages are reduced. If you are forced to lay off employees because of economic conditions, you may be able to preserve some of your loan guarantee by hiring them back.

Eligibility for loan forgiveness starts eight weeks after the loan origination date. There is a maximum 10-year maturity after application for loan forgiveness.

Q: What's the interest rate?

The maximum interest rate for the Paycheck Protection Program is 4 percent.

Q: It looks like there are a lot of different federal loan programs. Can my business receive funding through more than one?

Yes. Businesses that have pending or existing SBA disaster assistance loans can still receive funding through the Paycheck Protection Program as long as the loans are being applied to different cost centers. You also can still apply for a loan if you have an insurance claim pending.

Q: What do these loans cover?

Loans through the Paycheck Protection Program can cover payroll costs, mortgage and rent payments, and health-care benefits for employees, including paid sick leave. In some cases they also can cover interest on other debts.

Q: What if I'm still paying off a different SBA disaster loan?

The Small Business Administration has made all deferments through Dec. 31 automatic. That means small-business owners do not have to contact the SBA to request deferment.

Q: This article did not answer my question. How can I find more information?

If you would like to suggest an additional question for this article, please email the author at Aaron.Gregg@washpost.com.

Your primary points of contact for information on federal loan programs should be the U.S. Small Business Administration or an SBA-qualified financial institution. You can reach the SBA by email at answerdesk@sba.gov or by phone at 1-800-827-5722. The agency has reported receiving “unprecedented” interest in its loan program in recent weeks but is working to set up new call centers to handle the flood of new inquiries.

Several business groups also have published fact sheets on the SBA's loan programs, including the [Economic Innovation Group](#) and the [U.S. Chamber of Commerce](#).

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