



SBA PAYCHECK PROTECTION PROGRAM

The Coronavirus Aid, Relief, and Economic Security (CARES) Act created a new loan program for small businesses called the Paycheck Protection Program.

Small businesses with fewer than 500 employees, or with more than 500 employees in [certain industries](#), are eligible for PPP loans. Nonprofits under Section 501(c)3 with fewer than 500 employees and veterans organizations under Section 501(c)19 with fewer than 500 employees are also eligible.

Borrowers can receive loans of up to 2.5x their average monthly payroll, capped at \$10 million per loan. Loans can be forgiven if they are used for payroll and certain overhead costs during the 8 weeks following origination of the loan. To ensure full loan forgiveness, borrowers must:

- Maintain employee headcount during the crisis;
- Not cut employee pay by more than 25%; and
- Use at least 75% of their loan funds on payroll costs.

Small businesses and sole proprietorships can apply beginning Friday, April 3. Independent contractors and self-employed individuals can apply beginning April 10. Borrowers are encouraged to apply early due to the funding cap on the program.

Borrowers can apply for PPP loans at their local lender; a sample application form is [available here](#). Borrowers will have to provide payroll documentation to their lender and certify that they will use the funds for payroll and overhead due to the ongoing crisis.

Applicants should check with their local lender to see if they are participating in the program. Existing SBA lenders, plus federally insured depository institutions and credit unions, may participate in the program—and the government is taking steps to further broaden the list of approved lenders.

This information was resourced from the National Association of Manufacturers, the Small Business Administration, and the Department of Treasury. This is not intended to be legal or financial advice, but rather a policy resource for Irrigation Association members.