

SBA BUSINESS
INTERRUPTION LOANS
(Paycheck Protection Program)

U.S. TRAVEL
ASSOCIATION

WHO IS ELIGIBLE?

- 📌 **SELF-EMPLOYED INDIVIDUALS** that have documented evidence of their income, expenses, and payroll tax filings (as reported on IRS Form 1099-MISC).
- 📌 **SMALL BUSINESSES THAT HAVE 500 OR LESS EMPLOYEES**, including tribe-owned businesses.
- 📌 **FRANCHISES and certain SMALL BUSINESSES** (according to NAICS Code 72) with multiple locations, that have 500 or less total employees, but less than 500 employees at each physical location.
- 📌 **NON-PROFIT ORGANIZATIONS** that are tax exempt under Section 501(c)(3) and 501(c) 19 of the tax code and have 500 or less total employees.

THE BORROWER MUST CERTIFY THAT:

The current economic conditions necessitate the loan

The funds will be used to retain workers and maintain wages, or make mortgage, lease, and utility payments

The borrower did not get an SBA 7(a) loan or another interruption loan for the same purpose or has one pending.

What kind of financial assistance is provided?

Loans will be OFFERED THROUGH LOCAL BANKS and CREDIT UNIONS

A portion of the loan can be FORGIVEN TAX FREE (more below).

Loan repayment is deferred for at least six months, but no more than one year. The exact amount of deferment may depend on the lender or SBA regulations.

INTEREST RATE is capped at 4%.

Borrowers do not have to pay any loan fees, prove they can't find credit elsewhere, provide collateral or a personal guarantee, or pay a penalty for prepayment.

The loan can also be used to refinance an SBA Coronavirus Disaster Loan.

What is eligible for LOAN FORGIVENESS?

Up to 8 WEEKS OF PAYROLL (including additional wages to tipped employees) and certain OPERATING COSTS (mortgage debt interest, rent, and utilities)

PROCESS: Borrowers must submit an application to the lender, with documentation verifying:

- The number of full-time employees on payroll and their pay rates
- Federal payroll tax filings
- State income tax, payroll tax, and unemployment insurance filings
- Mortgage, rent, and utility payments

Loan forgiveness requests must be approved or denied by lender within 60 days.

Amount of loan forgiveness may be reduced.

What can the loan be used for?

PAYROLL, BENEFITS and OPERATING EXPENSES

- payroll costs
- group healthcare benefits
- paid leave
- insurance premiums
- debt interest
- mortgage interest (but not prepayments), rent, and utilities.

There's a safe harbor for the partners and shareholders of a company that fails to pay back a loan, ensuring they cannot be held liable for default if the company uses the loan for those primary purposes.

The loan can also be used for anything a regular 7(a) loan can be used for.

How much is it for?

MAXIMUM LOAN AMOUNT Loan amount can be 250% of “average monthly costs”, but capped at \$10 million

“Average total monthly cost” is based on the average costs over the previous 12 months from the date the loan is made. Period differs for seasonal and new businesses.

2.5x the “average total monthly cost” of

- employee compensation (including paid family and sick leave),
- employee severance
- group health care benefits (including premiums)
- retirement benefits
- state and local payroll taxes
- compensation to any independent contractor paid less than \$100,000 per year
- any outstanding balance on an SBA Coronavirus Disaster Loan (for the purpose of refinancing the Disaster Loan).

How can I apply?

To be determined: Once regulations are issued providing for the new loans, borrowers can apply for a loan from an existing authorized SBA lender, or a lender specially authorized by the Treasury Department to provide interruption loans.

To find an authorized lender near you, **contact your nearest SBA District Office**.

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