

On March 27, 2020, the United States Congress approved the Coronavirus Aid, Relief, and Economic Security Act (or CARES Act), which established and funded the Paycheck Protection Loan Program within the SBA. The CARES Act allows United States businesses with fewer than 500 employees to obtain a forgivable loan with which the business can fund eight weeks of payroll, rent, and utilities.

Why take a number and wait with the rest of the herd? Let us help you navigate the SBA Paycheck Protection Loan Program process.

Gill Ragon Owen maintains long-standing relationships with several national approved SBA lenders. Our lender relationships benefit you because the lenders trust that our borrowers will be qualified, thorough, and prepared.

### **Small Business Paycheck Protection Loans**

- Expands SBA 7(a) Loan Guaranty Program
- SBA provides 100% guaranty through December 31, 2020
- Loan bears a fixed 4% interest rate
- Loan proceeds may be used for:
  - payroll costs, including costs related to continuation of group health insurance, salaries, commissions,
  - payments on mortgage obligations,
  - rent,
  - utilities, and
  - interest on certain other debt obligations
- Maximum loan amount is the lesser of \$10,000,000 or 2.5 times the average monthly payroll based on the borrower's payroll in 2019
- **Eligible Borrowers:**
  - Businesses and 501(c)(3) nonprofit organizations with less than 500 employees, including sole proprietors, independent contractors, and self-employed individuals
  - businesses in the hospitality and food industries that have less than \$500 million in gross receipts with more than one location, if the individual store employs less than 500 people – meaning each store location could be eligible
- **Loan Forgiveness:**
  - Businesses that maintain payroll continuity from Feb. 15, 2020 through June 30, 2020 as defined by headcount, may request forgiveness on a Paycheck Protection loan used on payroll costs; mortgage interest; rent; and utility pay over an 8-week period.
  - The amount forgiven will be reduced proportionally by any reduction in employees retained compared to the prior year and reduced by the reduction in pay of any employee beyond 25 percent of their prior year compensation.

Please feel free to contact one of the following attorneys regarding the general process for SBA loans:

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For more information on this loan program, please review our COVID-19 Resources page here:

<https://www.gill-law.com/covid-19-resources/#>