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**DATE:** April 1, 2020  
**TO:** ALL SMARCA CONTRACTORS  
**FROM:** John Quarnstrom and Jim Bigham  
**RE:** **SBA Loan Programs**

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The largest of three federal stimulus packages was passed on Friday, March 27th. The Coronavirus Aid, Relief and Economic Security Act (CARES Act) provides over \$2 Trillion in economic relief. The CARE Act provides direct payments to individuals, hospital investments, increased unemployment benefits, grants to States and strategic lending to industries, states and local government. Another significant portion of the Act is \$367 Billion for small business loans through the SBA.

The expanded SBA loans are intended to help small businesses survive temporary losses in revenue and other economic pains caused by COVID-19. There are two SBA Loan Programs designed for the current situation; the Paycheck Protection Program and the Economic Injury Disaster Loans. Many of the traditional qualifications for SBA loans have been waived and we believe most of you will qualify for one or both of these programs.

Loan proceeds from the Paycheck Protection Program can be used for payment of payroll, health insurance premiums, rent, utility and mortgage payments. Loan forgiveness is available for up to 8 weeks of these expenses provided there is no reduction in employees or salaries. The maximum interest rate is 4%. You also may be eligible for deferred payments. Like most loan programs, there are caps and other limitations.

The Economic Injury Disaster Loans also allow proceeds to be used for a variety of expenses. This program allows the applicant to request an advance of up to \$10,000 which will be funded within 3 days. Applicants do not need to repay the advance, even if they are subsequently denied a loan.

You should work through your regular banker to apply for these SBA loans. There are short deadlines for applying and we expect bankers to be busy with requests, so act with haste while funds are still available if these loans are something you want to pursue.

Attached is a comparison of the two loan programs which was prepared by the Lathrop GPM law firm. Below are a few links to additional information on the U.S. Chamber of Commerce website.

**Payroll Protection Program**

[https://www.uschamber.com/sites/default/files/023595\\_comm\\_corona\\_virus\\_smallbiz\\_loan\\_final.pdf](https://www.uschamber.com/sites/default/files/023595_comm_corona_virus_smallbiz_loan_final.pdf)

**Disaster Assistance Loans**

<https://www.uschamber.com/co/run/business-financing/sba-disaster-assistance-loans-guide>

**Coronavirus Small Business Guide – US Chamber of Commerce**

<https://www.uschamber.com/co/small-business-coronavirus>