

The CARES Act SBA Loan Access Paycheck Protection Program



Helping Small Businesses
during through the Coronavirus
(COVID-19) pandemic

Paycheck Protection Program

The City of Lorain is aware that during this time small businesses are unable to operate in their normal environment. While this change can bring uncertainty and hardship to your operations we want to provide to you some guidance during this time of need.

In this brochure you will find information on the Paycheck Protection Program such as:

- Who is Eligible
- Where to submit an application
- How the Loan amount will be determined and its uses
- Loan Forgiveness requirements

For more detailed information regarding SBA disaster assistance please go to:

<https://www.sbc.senate.gov/public/index.cfm/guide-to-the-cares-act>

Eligibility

Small Businesses with less than 500 employees



Applications

To submit an application for the Paycheck Protection Program (PPP) loan visit a lender who has the eligibility to provide financial assistance to small businesses.



Determining the Amount for the Loan

The size of the loan available to businesses depends on the size of a business's payroll. Each loan is subject to a payroll-based cap of 2.5 times historic average monthly payroll costs (plus any EIDL granted before April 3, 2020), not to exceed \$10 million.

USES:

- Payroll support (including paid sick, medical, or family leave).
- Costs related to the continuation of group health care benefits
- Employee salaries
- Interest owed on mortgage payments
- Rent
- Utilities
- Any other debt obligations that were incurred before the covered period

Loan Forgiveness requirements

The amount forgiven would be reduced in proportion to any reduction in employees by the following formula:

Payroll costs multiplied by the number of Full Time Equivalent Employees in the eight week period following loan origination and divided by either:

- (i) Average Number of Full Time Employees from Feb. 15, 2019 to June 30, 2019
- (ii) Average Number of Full Time Employees Jan. 1, 2020 to Feb. 29, 2020.

OR

Payroll Cost minus the amount of salaries on employees that are reduced by more than 25%.



City of Lorain

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