

## **FACT SHEET: LOAN GUARANTY PROGRAM**

Start Date: March 1, 2020

End Date: through June 30, 2020

The maximum loan amount for SBA Express loans would be increased from \$350,000 to \$1 million.

### **SMALL BUSINESS LOAN PROGRAM AND TAX CREDITS**

This section of the bill was written to prevent workers from losing their jobs and small businesses from going out of business due to economic losses caused by the coronavirus pandemic. The plan provides cash-flow assistance through 100 percent federally-guaranteed loans to employers who maintain their payroll during this emergency. If employers maintain their payroll, the loans would be forgiven. This proposal would be retroactive to March 1, 2020, to help bring workers who may have already been laid off back onto payrolls.

#### **Loan Guaranty Program (The Paycheck Protection Program)**

The bill would expand the allowable uses for the existing 7(a) Small Business Administration loan program to permit payroll support, including paid sick leave, supply chain disruptions, employee salaries, mortgage payments, and other debt obligations to provide immediate access to capital for affected small businesses.

The maximum loan amount for SBA Express loans would be increased from \$350,000 to \$1 million. These loans provide borrowers with revolving lines of credit for working capital purposes.

The cost of participation in the 7(a) program would be reduced for both borrowers and lenders by providing fee waivers, an automatic deferment of payments for one year, and no prepayment penalties.

The SBA Loan Guaranty Program is generally offered by private lenders with the support of the SBA. Contact your local lender for more information on SBA Guaranty Loan Programs. For general program information, visit:

Paycheck Protection Program Website: <https://www.sba.gov/funding-programs/loans/paycheck-protection-program#section-header-0>

General SBA Loan Guaranty Programs: <https://www.sba.gov/partners/lenders/7a-loan-program/types-7a-loans>