Paycheck Protection Program. The U.S. Small Business Administration (SBA) Paycheck Protection Program (PPP) is a loan program designed to provide a direct incentive for small businesses to keep their workers on the payroll. The federal Coronavirus Aid, Relief, and Economic Security (CARES) Act (H.R. 748) includes $349.000 billion for the PPP. All small businesses with 500 or fewer employees are eligible. A PPP loan will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, or utilities. At least 75.0% of the forgiven amount must be used for payroll. Loan payments will also be deferred for six months. No collateral or personal guarantees are required. Neither the government nor lenders will charge small businesses any fees.

Forgiveness is based on the employer maintaining or quickly rehiring employees and maintaining salary levels. Forgiveness will be reduced if full-time headcount declines or if salaries and wages decrease. This loan has a maturity of two years and an interest rate of 1.0%.

Lenders were permitted to begin processing loan applications on April 3, 2020, and the Program will be available through June 30, 2020.

According to data provided by the SBA, as of May 16, 2020, a total of approximately $5.041 billion in loans has been issued to over 53,400 Iowa businesses in round two of the Program. Combined with round one, a total of approximately $9.356 billion in loans has been issued to over 82,800 Iowa businesses.

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