



**NEWS RELEASE
FOR IMMEDIATE RELEASE**

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**KEEP YOUR EMPLOYEES PAYCHECKS FLOWING & HELP KEEP YOUR BUSINESS ALIVE;
RESOURCES AVAILABLE TO SMALL BUSINESSES DURING THE COVID-19 EMERGENCY**

PURCELLVILLE, Va., April 2, 2020 — The Small Business Administration (SBA) and the Department of Treasury have begun releasing the information that will guide the programs created through the *Coronavirus Aid, Relief, and Economic Security (CARES) Act*.

Under the CARES Act, \$349 billion has been reserved for the SBA to provide low interest loans to small businesses, which have or are undergoing financial hardship due to COVID-19. Under the **Paycheck Protection Program (PPP)**, small businesses, including restaurants, can apply for a SBA loan for up to \$10 million for each business application.

The following information are excerpts from the SBA.gov website that provide information on the Paycheck Protection Program on who can apply, how to apply, loan details and forgiveness.

Who Can Apply

This program is for any small business with less than 500 employees (including sole proprietorships, independent contractors and self-employed persons), private non-profit organization or 501(c)(19) veterans organizations affected by coronavirus/COVID-19.

Businesses in certain industries may have more than 500 employees if they meet the SBA's size standards for those industries.

Small businesses in the hospitality and food industry with more than one location could also be eligible at the store and location level if the store employs less than 500 workers. This means each store location could be eligible.

How to Apply

You can apply through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating. Other regulated lenders will be available to make these loans once they are approved and enrolled in the program. You should consult with your local lender as to whether it is participating in the program.

Lenders may begin processing loan applications as soon as April 3, 2020. The Town will contact our 10 local banks to determine who will be participating and post our findings by separate news release.

Loan Details and Forgiveness

The Paycheck Protection Program is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll. SBA will forgive loans if all employees are kept on the payroll for eight weeks and the money is used for payroll, rent, mortgage interest, or utilities. The Paycheck Protection Program will be available through June 30, 2020.

The loan will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities (due to likely high subscription, at least 75% of the forgiven amount must have been 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 2 years and an interest rate of .5% (1/2 of a point).

For answers to your questions and technical assistance, the nearest Small Business Association Small Business Development Center is located at:

Loudoun SBDC
202 Church Street, SE
Suite 100
Leesburg, VA 20175
(703) 430-7222

For more information and an online application, go to [the SBA Paycheck Protection Program webpage](#).

Q&A *(from Washington Post)*

Q: How do I apply for a small business loan through the Paycheck Protection Program?

A: The [application](#) has been posted on the Treasury Department's [CARES Act resource page](#) as of Tuesday afternoon. After you gather the information described on the application form you should contact your bank or an approved lending institution to start the application process.

The Small Business Administration has a network of at least 1,800 approved lenders that process small business loans and intends to add more of them. If your bank is not an SBA-approved lender or you don't have an existing banking relationship, you can [contact the SBA](#) to find one. Administration officials say the SBA is working on a geo-coded web page where you can view approved lenders near you, but as of earlier this week the web page was not live yet.

It is expected that most borrowers will be able to apply online through an approved financial institution. If you are contacting a lender for the first time, the loans are expected to be handled on a first-come-first-serve basis.

Q: When will the new funding be made available to the small businesses?

A: The small business loans will be made available starting Friday, April 3. Administration officials are setting up a system in which borrowers will be able to receive funds on the same day they submit an application.

Q: What costs will the new loans cover?

A: The new loans will cover payroll costs and employee benefits, mortgage interest incurred before February 15, 2020, rent and utilities under lease agreements in force before February 15, 2020 and utilities for which the service began before February 2020.

Payroll costs include salary wages, commissions and tips capped at \$100,000 for each employee. It also includes benefits for vacation, parental leave, medical leave, sick leave, some other limited benefit categories. In some cases they also can cover interest on other debts.

Q: How do I prove that my losses are because of coronavirus?

A: The new loans are available to any business for which “current economic uncertainty makes the loan necessary to support your ongoing operations,” according to an SBA fact sheet published earlier this week. Approved lenders will make a determination of need for your business based on SBA guidelines, but without a separate SBA review.

Q: Which businesses qualify under the Paycheck Protection Program?

A: Small businesses, non-profits, tribal business concerns that meet the SBA’s standard business size definition and veterans organizations organized under 501(c)(19) with fewer than 500 employees are eligible for loans under the program. Self-employed individuals, independent contractors and sole-proprietors also are eligible. To receive a loan, your company must have been in business as of Feb. 15.

It is yet to be determined whether churches and other faith-based organizations qualify for loans under the non-profit category.

If you are in the food service business, the 500-employee cap is applied on a per-physical-location basis, according to a fact sheet published by the U.S. Chamber of Commerce. There are criminal penalties of up to \$1 million for submitting fraudulent information to a federally-insured lender.

Q: I work as a sole-proprietor or independent contractor. Can I receive a loan through the Paycheck Protection Program?

A: Yes. The law specifically provides for sole proprietors and independent contractors. Loans for independent contractors are likely to be made available one week after the other small business loans, which would translate to a start date of April 10 for those loans.

The SBA is working on a detailed regulation that will define how independent contractors should apply for loans, including whether their company should count them in its employee totals on loan applications. That regulation is also expected to address the status of 1099 employees and part-time employees.

Q: I run a small partnership or S-corporations. Am I eligible?

A: The SBA is working on a detailed regulation set guidance for these businesses.

Q: How much money can my business receive through the loan program?

A: The Paycheck Protection Program provides small business loans of up to \$10 million to cover payroll and certain other expenses, or 2.5 times your total payroll expenses for the loan period. Other SBA loan programs, including the federal disaster relief program, offer much smaller loans.

Q: What sort of thing could disqualify me?

A: The application includes a long list of potential disqualifying factors. You cannot receive a paycheck protection program loan if your business or any of its owners have previously been suspended, debarred, proposed for debarment, declared ineligible, or were voluntarily excluded from the loan program by a federal agency, or are presently involved in any bankruptcy.

You will be excluded from the program if you have ever taken a loan from the SBA that subsequently caused a loss to the government, is currently delinquent, or resulted in default. The application also excludes businesses in which any 20 percent owner is an individual who is currently subject to criminal charges, or who has previously been convicted or otherwise punished for a crime against a minor.

Q: What information should I prepare?

A: You will be asked to provide basic identifying information for your business, your business TIN number, your average monthly payroll, the number of jobs supported by your company and what specifically you want to use the loan money for. You will also be asked to list all owners who hold at least a 20 percent ownership stake in the company and affirm that they are not party to federal crimes.

You will also be asked to provide the lender with documentation regarding your employee headcount over time as well as your payroll costs.

Q: What time period is covered by the Paycheck Protection Program loans?

A: The new loans apply to costs incurred from Feb. 15 through June 30.

Q: What's the interest rate?

A: The Treasury Department is initially setting the loan rate at 0.5 percent. However the CARES Act caps the interest rate for the Paycheck Protection Program at 4 percent, so it is possible the interest rate could increase.

Q: What will the payment schedule look like?

A: The first payment will be due after six months and the full loan will be due after two years, according to SBA informational materials.

Q: It looks like there are a lot of different federal loan programs. Can my business receive funding through more than one?

A: Yes. Businesses that have pending or existing SBA disaster assistance loans can still receive funding through the Paycheck Protection Program as long as the loans are not being used for the same thing. You also can still apply for a loan if you have an insurance claim pending. A single business cannot apply for more than one Paycheck Protection Loan, however.

Q: What if I am still paying off a different SBA disaster loan?

A: The Small Business Administration has made all deferments through Dec. 31 automatic. That means small-business owners do not have to contact the SBA to request deferment. If you have an existing or pending loan through the SBA's disaster assistance loan program, you can refinance it into your Paycheck Protection Program loan, possibly lowering your interest rate.

The Town of Purcellville, Virginia

"Purcellville-your small Town, where history and progress intersect and people prosper," is an award-winning town of over 10,000 residents located in Loudoun County, approximately 50 miles west of Washington, DC. Having received the prestigious Siemens Sustainability Award for Small Communities, Purcellville continues to be honored for its green initiatives with most recently being the Tree City USA recipient for the 12th year. The Town was reaffirmed as a AAA rated community by S&P Global Ratings, the highest credit rating possible, and is ranked "Safest City" in Virginia in 2020. Once a stop along the W&OD rail line, which has been converted to a multi-use trail from Alexandria, VA to Purcellville, the Town has maintained its historic old-town feel through the restoration and maintenance of its many downtown structures, reflecting the Victorian architecture popular during the early 1900s. Today, Purcellville is the economic hub of western Loudoun County and a popular weekend destination for antiques, equestrian activities, farmer's markets, wineries, breweries, distilleries and restaurants. More info at www.purcellvilleva.gov.

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