BANKS AND CREDIT UNIONS
Overview of CARES Act Provisions

Overview
The Coronavirus Aid, Relief, and Economic Security (CARES) Act impacts banks and credit unions in several ways: (1) it created a new loan program that banks and credit unions can administer—the Small Business Administration (SBA) Paycheck Protection Program (PPP), which provides small businesses with zero-fee loans of up to $10 million to cover payroll and other operating expenses; (2) it provides debt relief to current SBA borrowers; and (3) it provides various forms of regulatory relief to encourage banks and credit unions to continue to lend to households and businesses. Please see below for more information on these programs.

SBA Paycheck Protection Program
Note: This program has been extended to August 8, 2020, and funds remain available.

This information reflects changes made by the *Paycheck Protection Program Flexibility Act*. The Coronavirus Aid, Relief, and Economic Security (CARES) Act created a new Small Business Administration (SBA) loan program, called the "Paycheck Protection Program" (PPP). The Paycheck Protection Program provides small businesses with zero-fee loans of up to $10 million to cover 10 weeks of payroll and other operating expenses. Small businesses have 24 weeks or until December 31, 2020, whichever is earlier, to spend their PPP funds. They can seek forgiveness for PPP funds spent during those 24 weeks on eligible payroll and overhead costs, such as rent, mortgage interest payments, and utility costs. Small businesses must spend at least 60 percent of the funds on payroll costs and no more than 40 percent on overhead costs. For any amount that is not forgiven, small businesses must repay the loan at 1 percent interest over five years. Payments on any outstanding loan amounts are deferred until the lender receives the amount of the loan that was forgiven or for 10 months for small businesses that did not seek loan forgiveness. **PPP loans are available through August 8, 2020.**

Debt Relief for New and Existing SBA Borrowers
For small businesses that already have an SBA loan (such as a 7(a), 504, or microloan) or take one out within 6 months after the CARES Act is enacted, the SBA will pay all loan costs for borrowers, including principal, interest, and fees, for six-months. SBA borrowers may also seek an extension of the duration of their loan and delay certain reporting requirements.

Temporary Regulatory Relief
The CARES Act provides temporary regulatory relief for banks and credit unions to encourage them to continue to lend to households and businesses without being constrained by certain regulatory requirements.