



NATIONAL
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PRESS RELEASE

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NALCAB OFFERS GUIDANCE TO SMALL BUSINESS & NON-PROFITS AMID CONFUSION OVER NEWLY RELEASED PAYCHECK PROTECTION PROGRAM RULES

Overview:

On April 2, the Small Business Administration (SBA) published a regulation that provides guidelines for the federal Paycheck Protection Program (PPP) - a critical part of the emergency financial relief in the COVID-19 related CARES Act. The PPP provides approximately \$350 billion for eligible lenders to make forgivable loans to businesses in support of payroll and limited operating costs. The program was launched on April 3, but some details remain unclear.

NALCAB's primary focus with regard to the PPP is **how to ensure these resources make it to underserved businesses, microbusinesses and sole proprietors in the communities we serve.**

The CARES Act states, "It is the sense of the Senate that the Administrator should issue guidance to lenders and agents to ensure that the processing and disbursement of covered loans prioritizes small business concerns and entities in underserved and rural markets, including veterans and members of the military community, small business concerns owned and controlled by socially and economically disadvantaged individuals, women, and businesses in operation for less than two years."

Our main takeaways:

- The program structure for the PPP established by the Treasury Department and SBA makes it very difficult for underserved small business to get rapid access to these resources.
- The PPP regulation does not provide sufficient detail about the mechanics of how loan forgiveness will be authorized for the PPP product.

What We Are Advising:

- 1) For small businesses and non-profit organizations meeting the criteria, it is time to apply for PPP funding. **Applications must be processed by eligible financial institutions.**

In the broad sense, any qualified SBA 7 (a) lender or any federally insured bank, credit union, and Farm Credit System institution are authorized to process the PPP loan application, but not all are participating. First, find out whether your lending institution is participating in the program. Although the SBA is calling this a "loan," if used for eligible payroll and operating costs, it can be forgiven in part or entirely. This is emergency financial relief and you should look at it that way. The PPP can help business owners to pay their employees during this crisis.

To get the most accurate and up to date information, it is best to work with the financial institution that will be processing your application.

2) **Don't sign any final loan agreement** until information on loan forgiveness has been issued.

We've advised our network to apply now to "get in line" by getting their application in, but we URGE CAUTION about signing a final loan document until it is clear how loan forgiveness will work. Make sure you are confident that you can see a pathway to forgiveness as provided under the law.

About [NALCAB](#)

NALCAB - the National Association for Latino Community Asset Builders - is the hub of a national network of more than 120 mission-driven organizations in 40 states, DC and Puerto Rico that serve ethnically diverse Latino communities across the US. Members of the NALCAB Network invest in their communities by building affordable housing, addressing gentrification, supporting small business growth, and providing financial counseling on issues such as credit building and home ownership. Our mission is to strengthen the economy by advancing economic mobility in Latino communities. NALCAB's work advances economic mobility for low and moderate-income people.