



MEMORANDUM

TO: Community Leaders and Small Business Owners DATE: April 3, 2020

FROM: Julie Anderson, Commissioner

RE: SBA COVID-19 Programs

The Department of Commerce, Community, and Economic Development is working to understand the fast paced and ever-changing effects of COVID-19 on Alaska and our communities. We have endeavored to provide up to date information via our Commerce web site (link below). On April 2, 2020 the Small Business Administration released the interim final rule for the Small Business Administration Business Loan Program Temporary Changes: Paycheck Protection Program (PPP).

Section 1102 of the Coronavirus Aid, Relief and Economic Security Act (CARES Act) temporarily adds the Paycheck Protection Program to the Small Business Administration using financial institutions already qualified to loan SBA funds through the SBA 7 (a) loan program. Section 1106 of the Act provides for forgiveness of up to the full principal amount for qualifying loans guaranteed under the Paycheck Protection Program, with only 1% interest on the loan.

The Paycheck Protection Program provides loans to small businesses, 501(c)(3) nonprofit organizations, 501(c)(19) veterans organizations, or Tribal business concerns as described in section 31(b)(2)(C) of the Small Business Act. These loans are also available to self-employed individuals, sole-proprietorships, and independent contractors in addition to franchises previously unable to apply for SBA loans such as businesses in the hospitality and food services industries as well as those businesses receiving financing through the Small Business Paycheck Protection Program interim final rule.

The payroll protection program offers small business of less than 500 employees 8 weeks of payroll forgiveness if the employer retains or rehires their employees. The funds received are meant to be used to:

- Cover Payroll Cost
- Continue Group Healthcare Benefits for Paid Sick, Medical & Family Leave
- Pay Employee Salaries
- Pay Interest or Mortgages or Pre-Existing Debts
- Paying Rent on a Lease

- Cover Utility Costs

We have attached a link to the interim final rule on the State of Alaska Department of Commerce, Community and Economic Development COVID-19 Economic Recovery Resources Portal for Business (www.commerce.alaska.gov/web/EconomicRecoveryResourcesforBusiness.aspx). There you will also find additional guidance about other State and Federal loan/relief programs, as well as guidance on how to apply for business continuity programs and funding and a listing of 7 (a) banks and credit unions who have made SBA 7 (a) loans and are eligible to participate the SBA PPP program lending.

Borrowers are encouraged to work through their accountants/agents and qualified financial institutions. No fees will be charged to the borrower, the SBA will compensate the Lender, and the lender will compensate the agent. Work with your CPA and loan officer to have a fully completed application which help expedite the SBA approval.

We are all in this together and the Department of Commerce, Community and Economic Development and the Alaska Development Team stand ready to help navigate during these times of uncertainty.