

## Information on the Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act)

The Paycheck Protection Program (“PPP”) is an evolving and fluid program, signed into law on March 27, 2020 as part of the Coronavirus Aid, Relief, and Economic Security Act. The U.S. Small Business Administration (“SBA”) guarantees the loans, but applications must be submitted and funds advanced by an approved lending institution. The program is intended to help small businesses sustain operations and keep workers employed. When the funds are used for specific purposes (with [special restrictions](#)), the loan can be converted into a grant from the federal government.

There are restrictions on these loans, including the amount that will be guaranteed by the SBA. In the event that a borrower does not use the funds in a permissible manner, there is a potential repayment obligation. **It is important to understand that banks do not have an unlimited ability to participate in this program. Every bank will not be able to participate in this program or accommodate all applications they receive. Some banks may only be able to participate on a limited basis.** Banks that were not already an approved SBA lender are attempting to become approved to offer PPP loans to their customers, which unfortunately takes time. The demand for these loans is understandably high, and the SBA’s systems were not originally intended to handle this volume, resulting in some technology issues.

The N.C. Office of the Commissioner of Banks is monitoring participation in the PPP program, and has encouraged all banks in North Carolina to take all reasonable measures to minimize the burden and disruption to bank customers from the COVID-19 pandemic. We encourage you to contact the SBA with questions [via their website](#).

### **Additional Resources related to the PPP:**

- [FDIC’s COVID-19 resource page for small businesses](#)
- [SBA PPP High-level overview](#)
- [SBA Forms and Program Requirements](#)
- [SBA PPP Interim Final Rule](#)
- [Federal Reserve Board’s Covid-19 Resource Page](#)
- [OCC’s COVID-19 Resource Page](#)