



## Paycheck Protection Program (“PPP”)

<b>Eligible Businesses</b>	<p>Small businesses, nonprofits, Tribal business concerns, 501(c)(19) veteran’s organizations, and 501(c)(3) nonprofits that were in business on 2/15/2020 and:</p> <ul style="list-style-type: none"> <li>■ Have less than the greater of (i) 500 employees or (ii) the applicable size standard for the industry as provided by SBA; or</li> <li>■ Are sole proprietors, self-employed individuals, or independent contractors;</li> </ul> <p><b>Additionally:</b> Restaurants, hotels, or businesses that fall within the North American Industry Classification System (NAICS) code 72, “Accommodation and Food Services,” and that have 500 or fewer employees at each of its locations, are eligible.</p>
<b>Waiver of Affiliation</b>	<p>The SBA will apply certain affiliation rules to determine when two or more businesses should be combined for purposes of determining the number employees. Although these rules are complex and rely on a variety of factors, they are waived in the case of certain accommodation and food services businesses, businesses operating as a franchise, and businesses that received certain financial assistance.</p>
<b>Covered Loan</b>	<p>Any loan issued during the period between 2/15/2020 and 6/30/2020.</p>
<b>Maximum Loan Amount</b>	<p>The lesser of:</p> <ul style="list-style-type: none"> <li>■ 250% of the average monthly “payroll costs” during the one-year period ending on the date the loan is made (the measurement period); or</li> <li>■ \$10M</li> </ul> <p>For new businesses, the measurement period is between 1/1/2020 to 2/29/2020.</p>
<b>Interest Rate</b>	<p>Not to exceed 4% during the term of the loan.</p>
<b>Loan Fees</b>	<ul style="list-style-type: none"> <li>■ Borrower and lender fees are waived</li> <li>■ Prepayment fees are waived</li> </ul>
<b>Loan Maturity</b>	<p>Maximum 10-year maturity after the borrower applies for loan forgiveness.</p>



<b>Where to Apply</b>	You can apply at any lending institution that is an approved SBS 7(a) lender, and additional lenders to be approved by Treasury.
<b>Borrower Requirements</b>	<ul style="list-style-type: none"> <li>■ Good faith certifications must be made by the borrower:             <ul style="list-style-type: none"> <li>• The loan is necessary due to the current economic conditions caused by COVID-19;</li> <li>• The funds will be used to retain workers and maintain payroll, lease and utility payments, and</li> <li>• It is not receiving duplicative funds for the same uses under another SBA program.</li> </ul> </li> <li>■ No collateral or personal guarantee is required.</li> </ul> <p><b>Note:</b> a borrower that receives a covered loan under the PPP cannot also take the employee retention payroll tax credit under section 2301 of the CARES Act.</p>
<b>Allowable Use of Funds</b>	<ul style="list-style-type: none"> <li>■ Payroll costs (as defined);</li> <li>■ Continuation of healthcare benefits during paid sick, medical, or family leave;</li> <li>■ Mortgage interest payments;</li> <li>■ Rent;</li> <li>■ Utility payments;</li> <li>■ Insurance premiums;</li> <li>■ Interest on debt obligations incurred prior to 2/15/2020.</li> </ul>
<b>Loan Guarantee</b>	Government guarantee of 7(a) loans is increased to 100% through 12/31/2020.
<b>Payment Deferral</b>	Not less than six months and not more than one year (includes payment of principal, interest, and fees).





## Terms of Loan Forgiveness

Borrowers can obtain tax-free loan forgiveness for an amount equal to the sum of the following expenses that are incurred during the 8-week period after the loan is made:

- Payroll costs (except compensation over \$100,000/year is excluded);
- Payment of interest on mortgage obligation;
- Rent payments; and
- Utility payments.

The amount of the loan forgiven cannot exceed the amount borrowed.

Loan forgiveness will be reduced proportionately in the following situations:

- If the average number of employees per month is reduced during the 8-week covered period, as compared to, at the election of the taxpayer, either the period 2/15/2019 to 6/30/2019 OR 1/1/2020 to 2/29/2020.
- If there is a reduction in total employee compensation during the 8-week covered period, which is in excess of 25% of the total employee compensation during the most recent full quarter.

No reduction in loan forgiveness will apply if any reduction in employee headcount or salary is restored by 06/30/2020.

Payroll and expense documentation is required to receive loan forgiveness, and to ensure the amount forgiven was used appropriately.

If a taxpayer receives loan forgiveness, then it cannot take advantage of the employer payroll tax holiday under section 2302 of the CARES Act.

Note: For purposes of this loan forgiveness section, "covered period" is defined as the 8-week period beginning on the date of the origination of a covered loan. This is currently subject to variance in application, and we are awaiting further regulations from the SBA regarding this specific provision.

## Applying for both a 7(a) loan and an Economic Injury Disaster Loan (EIDL)

If you received an EIDL loan related to COVID-19 between January 31, 2020 and the date at which the PPP becomes available, you would be able to refinance the EIDL into the PPP for loan forgiveness purposes. However, you may not take out an EIDL and a PPP for the same purposes. Remaining portions of the EIDL, for purposes other than those laid out in loan forgiveness terms for a PPP loan, would remain a loan. If you took advantage of an emergency EIDL grant award of up to \$10,000, that amount would be subtracted from the amount forgiven under PPP.