

Summary of Paycheck Protection Program (SBA7a Loans)

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	SBA7(a) Loans (Paycheck Protection Program)
Eligibility Requirements	<ul style="list-style-type: none">• 500 employees or less• Business was operational on 2/15/20• Had employees for whom salaries and taxes were paid, or paid independent contractors• No requirement to evaluate ability to repay• Nonprofits are eligible• Sole proprietors, independent contractors & self-employed individuals are eligible
Borrowing Limits	<ul style="list-style-type: none">• Up to 2.5x the business's average monthly payroll for 12 months prior to loan• Payroll costs include wages & salaries (not to exceed \$100,000 per person), taxes, health insurance, & paid sick leave
Allowed Uses	<ul style="list-style-type: none">• Payroll costs• Interest payments on mortgages• Utilities• Rent• Interest on other loan obligations incurred prior to 2/15/20
Loan Repayment Guarantee	<ul style="list-style-type: none">• 100% of loan proceeds until 12/31/20• 75% for loans exceeding \$150,000 after 12/31/20• 85% for loans under \$150,000 after 12/31/20
Maximum Interest Rate	<ul style="list-style-type: none">• 4%• No prepayment penalty
Maximum Loan Maturity	<ul style="list-style-type: none">• Up to 10 years
Collateral & Guarantees	<ul style="list-style-type: none">• No personal guarantee is required and no collateral necessary• Borrowers must certify that loan necessary due to uncertainty of economic conditions; they will use funds to retain workers or make lease, rent & utility payments; they are not receiving duplicate funds for same uses
Deferment	<ul style="list-style-type: none">• Lenders required to defer payments (including principal, interest & fees) for a minimum of 6 months and maximum of 1 year

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Loan Forgiveness	Borrower can apply for loan forgiveness equal to: <ul style="list-style-type: none"> • Amount spent during 8 week period following loan closing on payroll costs, rent, utilities, & mortgage interest (if mortgage in place prior to 2/15/20) • Amount forgiven reduced proportionally by any reduction in employees retained compared to previous year and by reduction in pay beyond 25% of previous year's pay
Rehiring of Workers	<ul style="list-style-type: none"> • If workers recently let go or furloughed are rehired or wages are reset to amounts prior to 2/15/20 ,then those reductions won't be counted against the borrower
Taxation	<ul style="list-style-type: none"> • Canceled debt will not be included in borrower's income
Forgiveness Application Timing	<ul style="list-style-type: none"> • Lenders have 60 days from the date of forgiveness application to issue a decision

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