

## Paycheck Protection Program Summary

Purpose	The principal purpose of the Paycheck Protection Program is to help employers retain their employees. To that end, the Paycheck Protection Program provides 8 weeks of cash-flow assistance through 100% federally guaranteed loans to small employers who maintain their payroll during the COVID-19 emergency. If the employer maintains its payroll, the portion of the loan used for covered payroll costs, interest payments on mortgages, rent payments, leases, and utilities will be forgiven.
Covered Loan Period	The Covered Loan Period is any 8-week period from February 15, 2020 through June 30, 2020.
Eligible Businesses	Small Employers with no more than 500 employees, as well as those who meet current SBA size standards. Self-employed Individuals, Independent Contractors, Sole Proprietors Certain nonprofits including 501(c)(3) organizations and 501(c)(19) veteran organizations.
Maximum Loan Amounts	The size of the loans would equal 2.5 times an employer's average monthly payroll based on a one-year lookback period. The maximum loan amount is \$10 Million.
Allowable Uses for Loan Forgiveness	Payroll Costs, including salaries, hourly wages, and cash tips up to an annual rate of \$100,000. Health Care Costs, including paid sick or medical leave, and group health insurance premiums Mortgage Interest obligations, under an obligation in force before 2/15/2020 Rent and Lease Payments, under a leasing agreement in force before 2/15/2020 Utility Payments
Nonallowable Uses	Payroll costs paid to an individual at a rate in excess of \$100,000 annually are not included as payroll costs for purposes of computing the forgivable loan amount. It appears the loan proceeds can be used for other business expenses, like inventory, but that portion of the loan will not be forgiven.
Maximum Loan Forgiveness	If the employer keeps all employees (at their current base pay), then the entire loan can be forgiven. The amount of forgiveness cannot exceed the principal amount of the loan.
Reduction in Loan Forgiveness Due to Reductions in Salary and Wages	The amount of loan forgiveness will be reduced by the amount of any reduction in total wages or salary of any employee that is in excess of 25% of the wages or salary of the employee during the most recent full quarter the employee was employed.
Reduction in Loan Forgiveness Due to Reductions in Employment	The amount of loan forgiveness will be reduced by a reduction in the number of employees. The reduction is computed by multiplying the amount of the loan used for allowable uses by the average number of full-time equivalent employees during the 8-week covered period and divided by either (1) the average number of full-time equivalent employees per month during the period from 2/15/2019 - 6/30/2019 or (2) the average number of full-time equivalent employees from the period 1/1/2020 - 2/29/2020. The employer may choose either method of computing the divisor. Employers may increase their average number of full-time equivalent employees by rehiring workers previously laid off. This is for employees laid off between 2/15/20 and the enactment date of the law + 30 days.
Interest on Forgiven Loan	Interest on the forgiven portion of the loan is also forgiven.
Application Deadline	Applicants may apply for the loan until June 30, 2020.
Terms of the Loan	10 year term at maximum 4% interest 100% Guarantee by the SBA Fees and Collateral Requirements waived. Personal Guarantees waived.
How to Apply	Go to <a href="https://www.sba.gov">SBA.gov</a> and click on the link at the top of the website:
The Economic Injury Disaster Loan and the Paycheck Protection Program	<b>Coronavirus (COVID-19): Apply for an Economic Injury Disaster Loan (EIDL)</b> The current streamlined application is for an Emergency Injury Disaster Loan (EIDL). This loan can be refinanced into a Paycheck Protection Program (PPP) loan after the details of the new program are implemented by the SBA.
Emergency EIDL Grants	There is also a provision in the law for an emergency EIDL Grant of \$10,000. This is a loan which is forgiven if used for providing employee sick leave, payroll, rent or mortgage payments, increased costs due to interrupted supply chains, and repaying other obligations.