

## **Paycheck Protection Program**

- Loan is determined by calculating 2.5 times the average monthly payroll costs based on the prior's year's payroll.
- The 8 week period is determined by selecting a time btwn March 15- June 30, 2020.
- Money can boy be used for payroll expenses, rent, utilities, employee benefits

## **Debt forgiveness exceptions**

- There is not a drop in number of employees. 8 week covered period compared to average number of employees from February 15, 2019 to June 30, 2019
- The amount of loan forgiveness will also be reduced by the amount of any reduction in total salary or wages of any employee during the covered period that is in excess of 25 percent of the total salary or wages during the most recent full quarter during which the employee was employed before the covered period. You cut employees' salaries by more than 25% of the total wages they received in the most recent quarter before the loan period – February 15, 2020, to April 30, 2020. May 1, 2020- June 30, 2020 Payroll costs may not be lower than 75% of the payroll costs from February 1, 2020-April 30, 2020

## **What a Prospective Borrower Can Do Now**

To seek loan forgiveness, an eligible business concern must submit an application to the lender that originated the covered loan that will include:

1. documentation verifying the number of full-time equivalent employees on payroll and pay rates for the applicable periods, including payroll tax filings; and state income, payroll, and unemployment insurance filings; and
2. documentation verifying payments on mortgage obligations, lease obligations and utilities, including cancelled checks, payment receipts, transcripts of accounts, or other documents.

The SBA must issue regulations within 15 days of enactment of the CARES Act without regard to notice and comment requirements. Hence, it is possible that lenders could begin taking loan applications as soon as mid-April.