

I. Paycheck Protection Program

Under the Paycheck Protection Program, businesses may apply for federally guaranteed loans that may be eligible for forgiveness (“PPP Loans”).

Size of Program	Congress has appropriated \$349 billion to fund PPP Loans.
Maximum PPP Loan Amount	<p>The lesser of:</p> <ul style="list-style-type: none"> - \$10,000,000 - 2.5 times the average monthly “payroll costs”
“Payroll Costs”	<p>The definition of “payroll costs” includes, among other items:</p> <ul style="list-style-type: none"> - salary, wage, commission, or other similar compensation - payments of cash tips - payments for vacation, parental family, medical, or sick leave - allowance for dismissal / separation - healthcare benefits (including insurance premiums) - retirement benefits - payroll taxes <p>The definition of “payroll costs” excludes, among other items:</p> <ul style="list-style-type: none"> - compensation of an individual employee to the extent in excess of \$100,000 per year - compensation paid to employees with primary residence outside the U.S.
Maximum Interest Rate	4% per annum
Loan Forgiveness	<p>PPP Loans may be eligible for forgiveness to the extent the loan proceeds are used for payments of:</p> <ul style="list-style-type: none"> - “payroll costs” (except for the exclusions described above, including compensation of an individual employee to the extent in excess of \$100,000 per year) - mortgage interest - rent payments - utility payments
Limitations on Loan Forgiveness	<p>Workforce Reductions and Salary/Wage Reductions: The amount of the PPP Loans subject to forgiveness shall be reduced if, between February 15, 2020, and June 30, 2020, the company (i)</p>

	<p>reduces the number of full-time equivalent employees, or (ii) reduces the wages/salary of certain employees below a certain threshold.</p> <p>Cure: If the company reduces its workforce or reduces salary/wages during the period between February 15, 2020, and 30 days after enactment of the CARES Act, but subsequently rehires employees or eliminates salary/wage reductions by June 30, 2020, the limitations described above may not apply and the PPP Loans may again be eligible for forgiveness.</p>
Term	Up to 10 years for any portion of a PPP Loan that is not forgiven
Personal Guarantee	No personal guarantees required
Collateral	Unsecured
Payment Deferments:	Payments of principal, interest and fees are automatically deferred for six to 12 months.
Period of Loan Availability	February 15, 2020, to June 30, 2020.
Permitted Use of Proceeds	<p>Uses permitted for ordinary SBA 7(a) loans are permitted uses for PPP Loans, but the loan is forgivable only if proceeds are used to pay for items listed above.</p> <p>SBA 7(a) loans may be used for financing working capital, refinancing existing debt, and/or for financing the purchase of furniture, fixtures, machinery, equipment, land/buildings, or a business. Note that for certain uses, additional conditions may apply.</p>

<p>Primary Eligibility Requirements</p>	<p>To qualify, an applicant must:</p> <ul style="list-style-type: none"> - either (i) qualify as a “small business concern” under existing SBA rules and regulations, or (ii) be a business concern or nonprofit organization with fewer than 500 employees (generally), which number includes employees of all affiliates - have been in operation on February 15, 2020 - either (i) have employees to whom it has paid wages and on behalf of whom it has paid payroll taxes or (ii) have paid independent contractors - certify that the loan is necessary to support ongoing operations and that it will use funds for a permitted loan use <p>Note that the SBA considers an applicant’s affiliates in counting the number of employees and uses a broad definition of “affiliates.” Find guidance to the SBA’s affiliation rules through the SBA.gov site.</p> <p>A business with more than 500 employees may qualify for a PPP Loan if such business is a “small business concern.” In making this determination, the SBA considers the applicant’s industry, revenue, and number of employees. Find the SBA’s “Size Standards Table”, which can be found through the SBA.gov website.</p>
<p>Special Exemptions for Hospitality / Foodservice Businesses</p>	<p>If an applicant’s NAICS Code begins with “72” (hospitality/foodservice businesses):</p> <ul style="list-style-type: none"> - Special Size Rule: Applicants that do not otherwise qualify as “small business concerns” will qualify if they have no more than 500 employees at any one location. - Affiliation Rules Waived: The SBA’s affiliation rules described above are waived.
<p>Fee Waivers & Reimbursement</p>	<p>SBA will not collect certain fees, will reimburse the processing fees of SBA-approved lenders up to a certain amount, and will not assess prepayment penalties.</p>
<p>Eligibility for EIDL Loans?</p>	<p>Applicants may potentially receive both a PPP Loan and an EIDL Loan and use those loan proceeds for COVID-19 relief. It is clear that applicants may use a PPP Loan to refinance a prior EIDL Loan. The Disaster loan can be applied for at this link: https://www.sba.gov/disaster/apply-for-disaster-loan/index.html.</p>

Application Forms	Application forms for PPP Loans are not yet available. The SBA will modify/streamline existing SBA 7(a) application forms.
Lenders	<p>Existing SBA-approved lenders will make and administer the loans. Under the CARES Act, the SBA may give additional lenders authority to make PPP Loans. The SBA has a tool to help companies find SBA-approved lenders found through the SBA.gov website.</p> <p>The federal government will fully guarantee all PPP Loans. The SBA will classify PPP Loans as SBA 7(a) Loans.</p>
Citation	See Title I of CARES Act, §§ 1101–1114