



PAYCHECK PROTECTION PROGRAM OVERVIEW

LOAN INFORMATION: Major expansion of existing Section 7(a) SBA “Paycheck Protection Program”

- **Eligibility**
 - Applies to for-profit businesses, nonprofits (charities), and veteran organizations
 - Loan request must be due to uncertainty of current economic conditions.
 - Priority is given to underserved and rural markets, veterans and the military, socially and economically disadvantaged, women, and those in operation less than 2 years
 - 500 employee maximum (full & part-time) with higher thresholds for certain industries
 - Accommodation and Food Services industry: special rules for multiple locations
 - Sole proprietors & independent contractors are eligible
 - Applicable Loan Period: February 15 through June 30, 2020
- **Maximum Loan Amount: \$10 million**
- **Max. Loan Calculation: Ave. monthly “payroll costs” (wages, health insurance, retirement) x 2.5**
 - Ave. monthly payroll = ave. of most recent 12 mos. prior to close (also seasonal employee rule).
 - *Essentially 10 weeks of payroll can be borrowed (excludes federal payroll taxes)*
 - Individual employee earnings over \$100,000 annual are not eligible
 - Sole Proprietor: Net earnings from self-employment qualifies as payroll costs
- **Use of Loan Proceeds**
 - Payroll, interest on existing debt, covered rent, and utilities (impacts forgiveness below)
- **Other Key Items**
 - During the covered period, no personal guarantee (loan is required to be nonrecourse debt) and no collateral is required.
 - The SBA requirement for a business to be unable to obtain credit elsewhere does not apply
 - Max. 2-year maturity on unforgiven portion. annual interest rate of 1%. No prepay penalty.
 - Payments can be deferred for at least 6 months and not more than 1 year
 - The total authorized amount for new 7(a) loan commitments is \$349 billion.
 - Lenders approved to make SBA loans are given delegated authority by the SBA to make and approve covered loans under the expansion of Section 7(a)

LOAN FORGIVENESS:

- **Loan may be forgiven, equal to sum of expenses during the 8-week period following loan closing:**
 - Payroll costs (same as above), **PLUS: Interest on existing debt, covered rent, & utilities**
- **Income tax free forgiveness/cancellation of debt**
- The forgiveness is reduced by a percentage if workforce not maintained:
 - Percentage: Average Full-time equivalent (FTE) during post 8-week period / Prior period
 - Prior Period: Either February 15, 2019, to June 30, 2019 **OR**
January 1, 2020, through February 29, 2020 (also special seasonal employee rule)