

CARES

Paycheck Protection Plan

Eligibility:

- Business with less than 500 employees, unless covered under NAISC code 72
- Sole proprietors, independent contractor, and some self-employed
- Businesses in hospitality and dining sector (NAICS 72) with fewer than 500 employees per location
- Nonprofit organizations under the 501c(3) IRS designation

Borrower Certifications

- Loan is needed to continue operations during the COVID-19 emergency
- Funds will be used to retain workers and maintain payroll or make mortgage, lease, and utility payments
- The applicant does not have any other application pending under this program for the same purpose;
- From February 15, 2020 until December 31, 2020, the applicant has not received duplicative amounts under this program.

Plan Parameters:

- Maximum loan amount would be the lesser of **2.5x the average monthly payroll cost** or \$10 million
- Unsecured, no personal guaranty required
- Payments deferred for minimum of 6 months and max of 1 year
- No upfront or ongoing fees
- Maximum interest rate is between Prime + 2.25-2.75, depending on term
- Maximum term for unforgiven portion of loan is 10 years

Payroll Inclusion:

- Salary, wages, commission or similar compensation, including cash tips or equivalent
- Payment for vacation, parental, family, medical or sick leave
- Severance or other allowance for dismissal or separation
- Group health care benefits, retirement benefits, state or local payroll tax
- Payment to sole proprietor or independent contractor that is a wage, commission, income, net earnings from self-employment, or similar compensation and that is in an amount that is not more than \$100,000 in one year
- **Excludes: individual employee compensation above \$100,000 per year**, prorated for the covered period; certain federal taxes; compensation to employees whose principal place of residence is outside of the US; and sick and family leave wages for which credit is allowed under the Families First Act

Loan Forgiveness:

- Eligible for loan forgiveness in an amount equal to the amount spent by the borrower during an eight-week period after the origination date of the loan on the following items:
 - Payroll costs
 - Interest payment on any mortgage incurred prior to February 15, 2020
 - Payment of rent on any lease in force prior to February 15, 2020
 - Payment on any utilities for which service began before February 15, 2020
- Forgiven loan is not considered taxable income

Forgiveness Documentation

- Verification on full time employees (FTEs) on payroll and their pay rates
- Covered costs/payments (e.g., documents verifying mortgage, rent, and utility payments)

- Authorized business representative provides certification that documentation is true and correct and that forgiveness amounts requested were used to retain employees and make other forgiveness-eligible payments
- Any other documentation the SBA may require

Forgiveness Calculation:

- Forgiven amount (not to exceed the principal amount of the loan) equal to the following costs incurred and payments made during the covered period: (payroll costs, interest payments on mortgages, rent; and utility payments).
 - Forgiveness amounts will be reduced for any employee cuts or reductions in wages.
 - The reduction formula for fewer employees is:

The maximum available forgiveness under the rules described above
multiplied by:

Average number of (FTEs) per month – calculated by the average number of FTEs for each pay period falling within a month – during the covered period
divided by:

Either (at election of the borrower)

- Average number of FTEs per month employed from February 15, 2019 to June 30, 2019; or
- Average number of FTEs per month employed from January 1, 2020 until February 29, 2020;

Or, for seasonal employers

- Average number of FTEEs per month employed from February 15, 2019 until June 30, 2019.