

# The Coronavirus Aid, Relief, and Economic Security Act, CARES Act for Small Businesses: Paycheck Protection Plan Overview

<b>Covered Loan Period</b>	Retroactive to February 12, 2020 through June 30, 2020.
<b>Eligible Business</b>	<p><b>Small Businesses, nonprofits that:</b></p> <ul style="list-style-type: none"> <li>• have less than 500 employees or the applicable standard set by SBA or sole proprietors, self employed individuals, or independent contractors that were in business on February 15, 2020.</li> <li>• Small business concerns, as well as any business concern, a 501(c)(3) nonprofit organization, a 501(c)(19) veterans organization, or Tribal business concern described in section 31(b)(2)(K) that has fewer than 500 employees, or the applicable size standard in number of employees for the North American Industry Classification System (NAICS) industry as provided by SBA, if higher.</li> <li>• Individuals who operate a sole proprietorship or as an independent contractor and eligible self-employed individuals.</li> <li>• Non-profits such as 501(c)(3) and 501(c)(19) with 500 employees or fewer employees are also eligible.</li> </ul>
<b>Maximum Loan Amount</b>	<p><b>The lesser of:</b></p> <ul style="list-style-type: none"> <li>• 2.5X average monthly payroll costs during the 1-year period before the date on which the loan is made <b>or</b></li> <li>• \$10 million</li> </ul> <p>*For new businesses, the measurement period is February 1, 2020</p>
<b>Guarantees</b>	Increases the government guarantee of 7(a) loans to 100 percent through December 31, 2020.
<b>Allowable Uses</b>	<ul style="list-style-type: none"> <li>• Payroll costs</li> <li>• Health care benefits (including paid sick or medical leave and insurance premiums)</li> <li>• Mortgage interest obligations</li> <li>• Rent</li> <li>• Utility payments</li> <li>• Interest on other debt obligations incurred previous to February 15, 2020</li> </ul>
<b>Eligible Lenders</b>	SBA and Department of Treasury are granted authority to determine additional lenders to administer the payment protection program loans.
<b>Maturity Schedule</b>	Maximum 10-year maturity after application for loan forgiveness.

<b>Interest Rate</b>	Not to exceed 4% (percent) during the covered period.
<b>Payment Deferral</b>	Not less than 6 months and not more than 1 year (including payment of principal, interest, and fees).
<b>Terms of Loan Forgiveness</b>	<ul style="list-style-type: none"> <li>• Loan recipients will be eligible for loan forgiveness for an 8-week period after the loans origination date in the amount equal to the sum of the following costs incurred during that period: <ul style="list-style-type: none"> <li>• Payroll costs (compensation over \$100,00 excluded)</li> <li>• Payment of interest on mortgage obligation, rent obligations, utility payments.</li> <li>• The amount forgiven cannot exceed the amount borrowed.</li> <li>• The loan forgiveness will be proportionally reduced if the average number of employees is reduced during the covered period compared to the same period in 2019.</li> <li>• The amount of loan forgiveness will be reduced by the amount of any reduction in total employee salary or wages during the covered period that is in excess of 25% (percent) of the total salary or wages.</li> <li>• Payroll documentation and documentation of expenses are required to receive forgiveness, to ensure the forgiveness was used to retain employees and pay expenses. Borrowers that rehire laid-off workers by June 30 won't be penalized for having a smaller workforce at the beginning of the period.</li> <li>• Borrowers with tipped workers may receive loan forgiveness for the additional wages paid those employees.</li> <li>• Lenders have 60 days to issue a decision on the application.</li> <li>• The canceled loan amount will not count towards gross income for tax purposes.</li> </ul> </li> </ul>
<b>Waivers</b>	<ul style="list-style-type: none"> <li>• Borrow and lender fees are waived.</li> <li>• Payments fees are waived.</li> </ul>
<b>Borrower Requirements</b>	<ul style="list-style-type: none"> <li>• Good faith certification that the loan is necessary because of economic uncertainty caused by COVID-19 and will be applied to maintain payroll and make regular payments.</li> <li>• Borrower also must certify that they are not receiving assistance and duplicative funds for the same uses from another SBA program. No collateral or personal guarantees are required.</li> </ul>



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