

The Paycheck Protection Program for Small Businesses

The Paycheck Protection Program is a government program intended to keep small businesses under 500 employees in business over the next few months during the COVID 19 crises by providing working capital intended to be used for payroll and rent.

Under the Paycheck Protection Program, the loan amounts will be forgiven as long as:

- The loan proceeds are used to cover payroll costs, and most mortgage interest, rent, and utility costs over the 8 week period after the loan is made; and
- Employee and compensation levels are maintained. Payroll costs are capped at \$100,000 on an annualized basis for each employee.

Proceeds from these loans should be used for:

- Payroll costs, including benefits (capped at \$100,000 on an annualized basis for each employee);
- Interest on mortgage obligations, incurred before February 15, 2020;
- Rent, under lease agreements in force before February 15, 2020; and
- Utilities, for which service began before February 15, 2020.

Loans can be for up to two months of average monthly payroll costs from the last year plus an additional 25% of that amount, subject to a \$10 million cap. (Seasonal or new business will use different applicable time periods for this calculation.) Payroll costs will be capped at \$100,000 annualized for each employee.

The loan will be forgiven when the loan is due so long as the recipient maintains its staffing and payroll level, unless the recipient uses the loan amount for anything other than payroll costs, mortgage interest, rent, and utilities payments over the 8 weeks after getting the loan. It is anticipated that not more than 25% of the forgiven amount may be for non-payroll costs.

- Number of Staff: Loan forgiveness will be reduced if the recipient decreases full-time employee headcount.
- Level of Payroll: Loan forgiveness will also be reduced if the recipient decreases salaries and wages by more than 25% for any employee that made less than \$100,000 annualized in 2019.
- Re-Hiring: A loan recipient will have until June 30, 2020 to restore full-time employment and salary levels for any changes made between February 15, 2020 and April 26, 2020.

Loan forgiveness: Submit a request to the lender that is servicing the loan. The request will include documents that verify the number of full-time equivalent employees and pay rates, as well as the payments on eligible mortgage, lease, and utility obligations. The recipient must certify that the documents are true and that the recipient used the forgiveness amount to keep employees and make eligible mortgage interest, rent, and utility payments. The lender must make a decision on forgiveness within 60 days.

Interest rate: 1.00% fixed rate.

Payments: All payments are deferred for 6 months; however, interest will continue to accrue over this period.

Loan term: 2 years, with no prepayment penalties or fees.

Paycheck Protection Program Certification

As part of the application, the applicant needs to certify in good faith that:

- Current economic uncertainty makes the loan necessary to support ongoing operations.
- The funds will be used to retain workers and maintain payroll or to make mortgage, lease, and utility payments.
- You have not and will not receive another loan under this program.
- You will provide to the lender documentation that verifies the number of full-time equivalent employees on payroll and the dollar amounts of payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities for the eight weeks after getting this loan.
- All the information you provided in your application and in all supporting documents and forms is true and accurate. Knowingly making a false statement to get a loan under this program is punishable by law.
- You acknowledge that the lender will calculate the eligible loan amount using the tax documents you submitted. You affirm that the tax documents are identical to those you submitted to the IRS. And you also understand, acknowledge, and agree that the lender can share the tax information with the SBA's authorized representatives, including authorized representatives of the SBA Office of Inspector General, for the purpose of compliance with SBA Loan Program Requirements and all SBA reviews.

[More information on the SBA's Paycheck Protection Program](#)

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For questions regarding this article, please contact:

Author: [Lee Arian, Partner](#)

Email: larian@nelsonhardiman.com