



CARES Act - Paycheck Protection Program

~ a forgivable loan program ~

As outlined in Senate Bill S.3548 Coronavirus Aid, Relief, And Economic Security Act (CARES 2020)

Status of S.3548:

- As of writing (3.27.2020) the President has signed this bill into law!
- It now moves to the SBA Committee, chaired by Marco Rubio. This committee will outline the application process and disseminate that information to lenders across the nation.
- According to news sources, the instructions could be released as early as next Friday (4.4.2020).

Highlights:

- This program provides a payroll loan equal to 2.5x the amount of your average monthly payroll cost.
- This loan requires no personal guarantee and is secured by the Federal Government.
- If the full loan amount is spent on qualified expenses (payroll, mortgage/rent, utilities) AND you maintain the same staffing levels over a set period of time, 100% of the loan can be forgiven.

Loan Application

- Make a good faith certification that:
 - The 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
- For eligibility purposes, requires lenders to, instead of determining repayment ability, which is not possible during this crisis, to **determine whether a business was operational on February 15, 2020**, and had employees for whom it paid salaries and payroll taxes, or a paid independent contractor
- No more than 500 employees per physical location
- Loan amount to be based on 2.5x average monthly payroll cost.
- Time period to be considered: 03.2019 - 02.2020

Loan Forgiveness

- Borrowers seeking forgiveness of amounts must submit to their lender:
 - Documentation verifying Full Time Employee Equivalents (FTEE) on payroll and their pay rates
 - Documentation on covered costs/payments (e.g., documents verifying mortgage, rent, and utility payments)

Disclaimer: We are neither politicians nor lawyers. This is for informational purposes only and is subject to change.



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- Certification from a business representative that the 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 Administrator may require
- Ensure number of FTEE from Feb 15- June 30, 2020 is equal to or greater than FTEE Feb 15 - June 30, 2019
- Borrowers will verify through documentation to lenders their payments during the period
 - Forgiveness on a covered loan is equal to the sum of the following payroll costs incurred during the covered 8 week period compared to the previous year or time period, proportionate to maintaining employees and wages: Payroll costs plus any payment of interest on any covered mortgage obligation (which shall not include any prepayment of or payment of principal on a covered mortgage obligation) plus any payment on any covered rent obligation + and any covered utility payment