

# CORONAVIRUS

## PAYCHECK PROTECTION PROGRAM

The CARES Act created the Paycheck Protection Program to assist small businesses with loans to help maintain payroll and certain expenses.

If employers maintain payroll, they may qualify for loan forgiveness for all or part of the loan amount. This document summarizes program eligibility, terms, and resources to assist practices in applying.

### 1 ELIGIBILITY

- This program is available to employers with fewer than 500 employees (part- and full-time).
- Independent contractors, sole proprietors, 501(c)3, and self-employed also eligible.

### 2 LOAN TERMS

- The maximum loan amount is calculated by formula:  $2.5 \times$  average monthly payroll (up to \$10,000,000). Payroll includes salaries, benefits, and state/local taxes. Compensation in excess of \$100,000 per employee is excluded.
- Loans have a minimum maturity of 5 years with a fixed interest rate of 1.00%. Payments are deferred until loan forgiveness is approved (see below), or for borrowers not seeking forgiveness, 10 months after the last day of the covered period
- The covered loan period is the earlier of 24 weeks after the date of loan origination or December 31, 2020 (Note: the 24-week covered loan period was extended from 8 weeks).
- Loans can be used for payroll expenses, interest on mortgage obligations, rent, and utilities.
- Loans must originate by June 30, 2020.
- Borrowers will be asked to make a number of good-faith certifications.

## 3 LOAN FORGIVENESS

- For employers maintaining staff and payroll, loan forgiveness is available. Employers must not reduce full-time employee headcounts or decrease staff salaries by more than 25% to qualify for the maximum loan forgiveness.
- Employers are permitted to re-hire staff and/or restore wages for payroll changes made by December 31, 2020 without penalty.
- Borrowers using more than 40% of loan dollars for non-payroll expenses may see reduced loan forgiveness.

## 4 HOW TO APPLY

- Applications are being processed by Small Business Administration (SBA) approved lenders, including any federally insured bank, credit union, or existing SBA 7(a) lenders.
- Authorized lenders began processing applications for small businesses on April 3, 2020.
- The program is currently capped at \$659 billion, so practices interested in this option should apply quickly.

## 5 ADDITIONAL INFORMATION

- Treasury Department One-Page Summary: [CLICK HERE](#)
- PPP Loan Application: [CLICK HERE](#)
- PPP Loan Forgiveness Application: [CLICK HERE](#)
- Treasury Department PPP Frequently Asked Questions: [CLICK HERE](#)
- Small Business Administration Program Site: [CLICK HERE](#)

For a more detailed list of programs and provisions available to practices, please consult [Legislink.com/coronavirus](https://legislink.com/coronavirus) or reach out to The Network's government relations and public policy team.