

CORONAVIRUS

PAYCHECK PROTECTION PROGRAM

Practice Guide and Checklist

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.
- Loan payments are deferred for 6 months and are due two years from origination. The fixed interest rate on the loan is 0.50%.
- Loans can be used for payroll expenses, interest on mortgage obligations, rent, and utilities. Loans must be originated by August 8th.
- 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 between February 15, 2020 and April 26, 2020 without penalty.
- The Treasury Department anticipates significant program volume and has indicated borrowers using more than 25% 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.
- Lenders are authorized to begin processing applications for small businesses beginning April 3, 2020.
- The program is currently capped at \$349 billion, so practices interested in this option should apply quickly.

5 ADDITIONAL INFORMATION

- Treasury Department One-Page Summary: [CLICK HERE](#)
- Treasury Department Information Sheet: [CLICK HERE](#)
- Treasury Department Application for Borrowers: [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.