





THE CARES ACT: SBA PAYCHECK PROTECTION PROGRAM

QUESTIONS	ANSWERS
What is the CARES Act?	It is the Coronavirus Aid, Relief and Economic Security Act. This act includes a provision for SBA loans to businesses meeting certain qualifications and was signed into law on Friday, March 27th.
What is the Paycheck Protection Program (PPP)?	It's a new \$349 billion program that expands loan eligibility under the Small Business Administration's (SBA) 7(a) program. The program provides access to capital for businesses negatively impacted by the COVID-19 pandemic. Learn More about the PPP
Who qualifies for a PPP loan?	Small and mid-size businesses who have no more than 500 employees (exceptions apply) Independent contractors can apply on their own.
What are the loan terms?	<ul style="list-style-type: none"> • Fixed interest rate of 1% • Maturity of 2 years • 1st payment deferred for 6 months (max 12 months) • 100% guaranteed by SBA • No collateral, no personal guarantees, no borrower or lender fees payable to SBA
What is the Size of the loan?	Max amount is the lesser of 2.5 times the borrower's average monthly payroll costs or \$10 million
How do I calculate the max amount I can borrow? 	<p>STEP 1: Aggregate payroll costs from the last 12 months for employees whose principal place of residence is the United States.</p> <p>STEP 2: Subtract compensation paid to an employee in excess of an annual salary of \$100,000 and/or any amounts paid to an independent contractor or sole proprietor in excess of \$100,000 per year.</p> <p>STEP 3: Calculate average monthly payroll costs (divide the amount from Step 2 by 12).</p> <p>STEP 4: Multiply the average monthly payroll costs from Step 3 by 2.5.</p> <p>STEP 5: Add the outstanding amount of an Economic Injury Disaster Loan (EIDL) made between January 31, 2020 and April 3, 2020, less the amount of any "advance" under an EIDL COVID-19 loan (because it does not have to be repaid).</p> <p>View formal calculation instructions here.</p>
What can the loan be used for? 	<ul style="list-style-type: none"> • Payroll costs • Costs related to the continuation of group health care benefits • Mortgage interest payments • Rent payments • Utilities payments • Interest on other debt obligations incurred before the covered period • Refinancing an SBA EIDL loan <p><i>*At least 75% of the loan proceeds shall be used for payroll costs</i></p>
Can my PPP loan be forgiven?	Yes, the amount of loan forgiveness can be up to the full principle amount of the loan and any accrued interest.
How can I apply?	The applicant must submit SBA Form 2483 and payroll documentation.
Looking for more resources?	<p>Click Here For More Information</p> <p>Click Here To Find a Lender</p>

This infographic is not necessarily a complete list of the CARES Act criteria, terms, restrictions, and exceptions. Please consult your tax and other professional advisors regarding how the CARES Act may apply to your business.