

# KEEPING UP WITH KINNEY MASON

April/May 2020

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## National Days for April/May:

- 4/1: April Fool's Day
- 4/2: World Autism Awareness Day
- 4/7: World Health Day
- 4/12: Easter
- 4/14: National Ex-Spouse Day
- 4/22: Earth Day
- 4/25: DNA Day
- 5/1: Law Day
- 5/5: Teacher Appreciation Day
- 5/6: Nurses Day
- 5/10: Mother's Day
- 5/13: Receptionist's Day
- 5/17: Graduation Tassel Day
- 5/22: Craft Distillery Day

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## Summary of COVID-19 Aid, Relief, and Economic Security (CARES) Act

In early April 2020, the Small Business Administration ("SBA") issued final "rules" related to the "Paycheck Protection Program" ("PPP Program"). As March turned to April many businesses were frustrated with the changing guidelines and multiple "applications" required. The final version of the application having been settled upon, Kinney Mason thought it would be beneficial to its clients to issue some notes concerning the PPP Program and the CARES ACT more broadly.

The CARES ACT allocated \$349,000 million for government backed loans to qualifying businesses that may be "forgiven" up to the full principal amount of the loan.

The program allows for a low interest (1%) loan that will be forgiven if employee wages and numbers are maintained through June 30, 2020 and if the money is spent on payroll costs, rent, mortgage interest, or utilities in the eight-week period from the origination date. The program is available through June 30, 2020.

PPP loans will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities that were in place as of February 15, 2020. At least 75% of the forgiven amount must be used for payroll. The employer is required to maintain or rehire employees. If headcount declines, the forgiveness is reduced. Loan payments are deferred for six months, but interest does accrue during that period. No collateral or personal guarantees from owners are required. Neither the government nor lenders will charge borrowers any fees. Forgiven portions are not subject to income taxes.