

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

Payroll Costs. The PPP loan has a maturity of two (2) years and an interest rate of one percent (1%). The maximum loan amount is 2.5 times the average monthly payroll costs incurred during the year prior to the loan date, or if the business was not operational in 2019, 2.5 times the average total monthly payroll costs incurred for January and February, 2020. Average monthly payroll costs include the following:

- Salary, wages, commissions, or similar compensation, like cash tips or equivalent;
- Vacation, parental, family, medical, or sick leave;
- Allowance for dismissal or separation;
- Group health care benefits, including insurance premiums;
- Retirement benefits; and
- Payment of state or local tax assessed on the compensation of the employee (state unemployment tax).

Compensation does NOT include the following:

- Salary over \$100,000 per employee;
- Payroll taxes (like FICA and Medicare);
- Compensation paid to employees outside the U.S.;
- Qualified sick leave or family leave for which a credit is allowed under the Families First Coronavirus Response Act;
- Retirement benefits; or
- Payment of state or local tax assessed on the compensation of the employee (state unemployment tax).

Application. If you have not reviewed the application yet, it is relatively simple, and you need to attest to the following:

- You were in business on February 15, 2020 and had employees for whom you paid salaries and payroll taxes or paid independent contractors
- You need the money to support your ongoing obligations
- You will use the money to support payroll, mortgage payments, rent, and utilities [It will be important to keep good records];
- You will document the payroll, covered mortgage payments, rent and utilities for the eight (8) weeks following the application;
- You acknowledge forgiveness is based on the covered expenses, and that non-payroll costs (rent, mortgage, utilities) will only be 25% of the forgiveness;
- You haven't previously received an SBA 7(a) loan;
- You are telling the truth in the application; and
- You are providing information identical to what is on your tax returns.

Qualification. You are eligible for a PPP loan if you: (1) are a small business with fewer than 500 employees in the United States; and (2) you were in operation on February 15, 2020 and either had employees for whom you paid salaries and payroll taxes or paid independent contractors as reported on a Form 1099-MISC. You are also eligible for a PPP loan if you are an individual who operates under a sole proprietorship or as an independent contractor or eligible self-employed individual, and you were in operation on February 15, 2020.

Amount You Can Receive. Add payroll costs from the last 12 months for employees (not independent contractors) who reside in the United States. Subtract compensation paid to any single employee if it exceeds \$100,000. Divide the resulting figure by 12 to arrive at monthly payroll costs. Multiply by 2.5. There is a cap of 10 million. Please note the resulting amount may need to be adjusted if your business received an Economic Injury Disaster Loan (EIDL).