



Paycheck Protection Program

Frequently Asked Questions

I heard the bank is to provide same day funding. Is that true?

The program is clearly designed to provide swift relief to small businesses; however, without the regulatory guidance that explains the administrative obligations of the bank, we have no way to gauge what the turnaround time will be for funding of approved applications.

How do I calculate “Average Monthly Payroll Costs” for loan amount eligibility for the PPP?

According to the legislation and the interpretation by the National Association of Government Guaranteed Lenders (NAGGL) this calculation is as follows:

Payments of any compensation to employees (including salary, wages, commissions, tips)

Plus Payment of vacation, parental, family, medical or sick leave

Plus Allowance for dismissal or separation

Plus Group Medical Benefits (including insurance benefits)

Plus Retirement Benefits

Plus State and Local Payroll Taxes

Less Compensation for any individual employee in excess of \$100,000/year

Less Taxes withheld under chapters 21, 22, or 24 of the IRS Code

Less Any compensation to employees living outside the U.S.

Less Qualified sick leave wages under section 7001 of the Families First Coronavirus Response Act

Less Qualified family leave wages under section 7003 of the Families First Coronavirus Response Act

What is unclear and needs SBA Guidance is the documentation for and interpretation of each category above that is required for the *Borrower Certification* and *Lender Verification* sections of statute. Also, the statute states that Sole Proprietors and Independent Contractors are eligible to the extent that their income is considered wages or income. How this is accounted for and documented is yet to be clarified.

How much of my loan will be forgiven?

The purpose of the Paycheck Protection Program is to help you retain your employees, at their current base pay and if you do, there will be some level of loan forgiveness. We have seen this concept analyzed by several reputable sources using the language in the statute and they reached different conclusions. We expect the SBA Guidance to make this calculation more standardized.

What we know is that there will be a forgiveness calculation made based on a business's Full Time Equivalent (FTE) payroll during the period defined as either



2/15/19 through 6/30/19 OR 1/1/20 through 2/29/20 compared to the “covered period” of 2/15/20 through 6/30/20. These FTE ratios will dictate the percentage of the loan that is forgiven. Alternative formulas will be utilized for seasonal employers and companies that were not in business during the period 2/15/19 through 6/30/19.

It appears that if you have laid off or furloughed employees, you can still maximize your forgiveness eligibility if you rehire those employees by June 30, 2020. The statute says that after the covered period, the borrower may apply for forgiveness. That application will require the borrower to certify accuracy of the submission and eligibility of the use of funds. The bank will have 60 days from the receipt of a complete application to verify the information submitted and render a decision on the application. Again, the bank’s level of responsibility to verify information is unclear at this point.

I am an independent contractor or gig economy worker, am I eligible?

Yes. Sole proprietors, independent contractors, gig economy workers, and self-employed individuals are all eligible for the Paycheck Protection Program.

When is the application deadline for the Paycheck Protection Program?

Applicants are eligible to apply for the PPP loan until June 30th, 2020.

I took out a bridge loan through my state, am I eligible to apply for the Paycheck Protection Program?

It appears that yes, you can take out a state bridge loan and are still be eligible for the PPP loan. This is subject to the No Duplicate Uses rule.

Is it necessary to apply for a deferral on an existing SBA 7a loan, since the government announced that they will be making the next 6 payments?

Not at this time. According to the CARES ACT, the SBA will be making those payments directly to your 7a lender. No application is needed for this process. If the SBA Guidance changes this situation, you will be notified.