

SBA Loans Under the CARES Act

OVERVIEW

The CARES Act, which was signed into law on March 27, includes a provision for small businesses to apply for much needed loans to finance their payroll and other expenses during the COVID-19 pandemic.

DISCLAIMER

Providing advice on eligibility and applying for these loans is out of the scope of Viventium's services. Please consult your legal counsel, CPA, and bank to determine whether the SBA loans are applicable to your business. For more information, please visit the SBA coronavirus site [here](#).

PAYCHECK PROTECTION PROGRAM SUMMARY

Eligibility

- Employers with less than 500 employees, including non-profits
- Employers with 500 or more employees that otherwise meets [SBA size standards](#)
- Self-employed Individual
- Accommodation and food services employers with less than 500 employees per physical location

Application Deadline

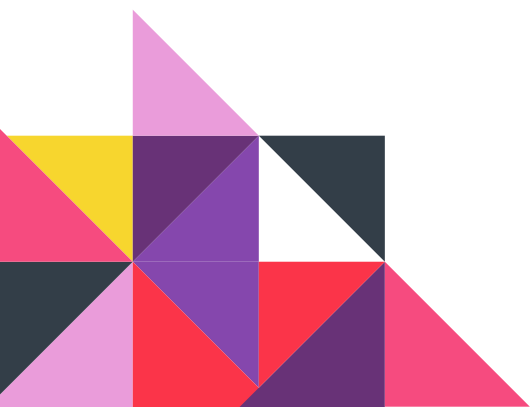
June 30, 2020

Loan Providers

Any bank or lending institution approved to participate in the program by the SBA. Contact your bank for more information on applying.

Maximum Loan Amount

250% of average monthly payroll and other qualifying expenses over the past 12 months up to a \$10 million maximum. This is meant to cover 8 weeks of payroll plus additional amounts for debt payment.





SBA Loans Under the CARES Act

PAYCHECK PROTECTION PROGRAM SUMMARY (continued)

Loan Forgiveness

If the loan funds are used for the following expenses, they are eligible for forgiveness:

- Payroll expense
- Existing interest on mortgages
- Rent payments
- Leases
- Utility service agreements

Payroll salary expense is limited to an annual amount of \$100,000 per employee. Payroll expense also includes hourly rates, health insurance costs, and cash tips. The small business must submit documentation of payroll and expenses for 2019 and 2020 to the lending institution. The SBA would reimburse the lending institution for the amounts of the forgiven loan.

Reductions to Loan Forgiveness

Loan forgiveness may not exceed the loan amount. In addition, loan forgiveness amounts will be reduced by the following:

1. A fraction equal to (i) the average number of full-time equivalent employees during the covered period, divided by (ii) the number of full-time equivalent employees for the period March 1, 2019–June 30, 2019, i.e., 20% less employees equals a 20% reduction in the overall amount forgiven, and
2. The amount of a compensation decreases during the 8 weeks following loan origination of more than 25% for any employee making less than \$100,000.

For the text of the CARES Act legislation, click [here](#).

For the SBA loan application click [here](#).

