



Information as of April 21, 2020

Steps to Loan Forgiveness

1. Use funds during the 8 week period following receipt of funds on the following expenses:

Expense	PPP Eligible Expense	PPP Forgiveness – If Paid In 8 Weeks from Loan Funds Receipt
Gross Payroll (A) – Including Bonuses	Yes	Yes
State and Local Employer Taxes	Yes	Yes
Vacation and Paid Leave	Yes	Yes
Paid Leave Under FFCRA (B)	No	No
Group Health	Yes	Yes
2020 Retirement	Yes	Yes
2019 Retirement	To Be Determined	No
Rent (C)	Yes	Yes
Utilities (C) – Gas/Electric/Water/Telephone/Internet	Yes	Yes
Mortgage Interest (C)	Yes	Yes

(A)– Not to exceed \$100,000 annualized for each employee (\$15,385 over 8 weeks / \$1,923 per week / \$3,846 bi-weekly)

(B) -- FFCRA stands for Families First Coronavirus Response Act

(C)– Must be in service or in place prior to February 15, 2020 to qualify.

2. 75/25 Rule

- a. 75% of your loan funds must be spent on payroll costs. Payments to independent contractors are not included.
- b. 25% can be used for rent, utilities, and mortgage interest.

3. Number of Staff and Level of Payroll

- a. Loan forgiveness is reduced if you decrease your full-time employee headcount
 - i. You will need to determine the average number of full-time equivalent employees you had for:
 1. The 8 week period following your initial loan disbursement (X)
 2. February 15, 2019 to June 30, 2019 (X1)
 3. And January 1, 2020 to February 29, 2020 (X2)
 4. Tax X and divide that by X1. Do the same with X2. Take the largest number you obtain.
 5. If you get a number equal to or larger than 1, you successfully maintained your headcount and meet this requirement.
 6. If you get a number smaller than 1, you did not maintain the headcount and your forgivable expenses will be reduced proportionately.

Please note- Given the coronavirus situation is unprecedented and continuously changing, we are providing this information as a courtesy based upon the best of our knowledge at this date. We cannot guarantee that this information will remain up-to-date as information may change at any time.

- b. Loan forgiveness will be reduced if salaries and wages are decreased by more than 25% for any employee that made less than \$100,000 annualized in 2019.
4. Re-Hiring
 - a. You have until June 30, 2020 to restore your full-time employment and salary levels for any changes made between February 15, 2020 and April 26, 2020.
 - i. You can re-hire staff that were laid off or put on furlough and reinstate any pay that was decreased by more than 25% to meet the requirements for forgiveness. June 30, 2020 is the deadline to do so.

How to Request Loan Forgiveness

- You can submit a request to the lender that is servicing the loan.
- We suggest contacting your lender to determine their process for forgiveness.
- The request will include documents that verify the number of full-time equivalent employees and pay rates, as well as the payments on eligible mortgage, lease and utility obligations.
- You must certify the documents are accurate and that you used the forgiveness amount to keep employees and make eligible expenses. The lender must make a decision on forgiveness within 60 days.

Again, we recommend utilizing a new, separate account to track your PPP funds and disbursement of funds specific to the PPP funding. The goal with using this system, is to reduce any potential issues when requesting loan forgiveness.

Frequently Asked Questions

- S-Corporation Owners – we are still awaiting confirmation, but you are included in the headcount of employees for the time being.
- Automatic link of account to utilities – upon receipt of PPP funding, we suggest re-directing payment of utilities to a new bank account. If you are unable to do so, you may reimburse yourself from the PPP account, but please do not round the payments, reimburse yourself for the exact amount of the invoice.
- Please contact your payroll company to see if they have a tool to assist in the use of the PPP funds for payroll expenses

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