



# PPP LOAN FORGIVENESS

Q&A With Nate Williams  
5/21/20

# UPDATES SINCE LAST WEBINAR

- We're staying up to date daily on new guidance – our goal is to publish relevant, actionable information
- We expect more guidance and changes to come
- For example, there is legislation currently being discussed to extend 8-week period to 16 weeks!
- General recommendations:
  - Preserve cash at home and at work
  - Hire employees as needed – don't rush people back
  - Make an offer for everyone to come back by June 30

# LOANS UNDER \$2M

- The SBA and many banks have warned that businesses would be required to return the funds if not “necessary to support ongoing operations.”
- The SBA has clarified that businesses with PPP loans less than \$2 million are deemed to have made the required certification concerning necessity of the loan in good faith.



# FORGIVENESS OVERVIEW

- Time Period: 8 weeks from the date you receive funds
- Amount: total spent during the 8-week period on:
  - Payroll Costs
    - Wages + health care + retirement
  - Mortgage Interest (secured by real or personal property, i.e. all your business debt)
  - Rent – still no word on “self rental”
  - Utilities



# RESTORING STAFF LEVELS

- The forgiveness amount will be reduced if the borrower reduced the number of staff from pre-pandemic levels.
- “Safe Harbor” Exemption: the application provides an exemption from the reduction if:
  - The borrower reduced staff levels between 2/15/20 and 4/26/20
  - The borrower restores staff levels by 6/30/20, meaning, everyone is back (or has an offer to be back) by June 30.



# RESTORING STAFF LEVELS

- The staff level reduction will not apply in these cases:
  - The employer makes a good-faith, written offer to rehire an employee, which offer is rejected
  - An employee is fired for cause, voluntarily resigns, or voluntarily requests a reduction of hours
- Be sure to maintain appropriate documentation (email, text, signature confirmation by employee)



# OWNER'S ELIGIBLE COMPENSATION

- Forgivable owner salaries are capped at the lesser of:
  - \$15,385 (the eight-week equivalent of \$100,000 per year)
  - The eight-week equivalent of their 2019 compensation (\*requires certification)
- Gross Pay vs. Net Pay??

# LIMITATION ON NON-PAYROLL COSTS

- Payroll costs must be at least 75% of the forgiveness amount
- ***Forgiveness*** amount and ***loan*** amount are very different
- If your non-payroll costs are greater than 25%, you are not required to report the full amount in the forgiveness application



# CATCH UP ON INTEREST PAYMENTS

- The application suggests that payment for interest incurred before the covered period may be forgivable if paid during the covered period
- Recommendation: get caught up on loan interest payments!

# APPLICATION PROCESS

- Applications will be available to submit until at least October 31<sup>st</sup> – no rush
- Due to the safe harbor date on June 30<sup>th</sup>, no one will be applying for forgiveness until at least July 1
- In July and August, we will work with each of you to apply for forgiveness

# APPLICATION PROCESS

- Documentation needed:
  - PFG will provide:
    - Forgiveness calculation
    - Payroll Reports
  - You will need to collect and provide:
    - Business Interest Payments: lender account statements showing interest accrued and paid
    - Rent: lease agreements and account statements showing amounts paid
    - Utilities: Invoices and account statements showing amounts paid



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