

CARES Act Paycheck Protection Program Summary

The CARES Act allocates \$349 billion in government funding to help small businesses pay payroll and other operating expenses through the Paycheck Protection Program (“PPP”). The PPP provides 100% federally guaranteed loans to small businesses. These funds can be used for payroll costs, rent, mortgage payments, and utility expenses. These loans are forgivable if borrowers maintain their payrolls during the crisis or restore their payrolls within a specific time period. Below is a summary of the program’s key terms and information on how to apply for funding. More information is also available on the [SBA website](#).

This high level summary is being provided as an aid to our tenants only. Please see the CARES Act, the Small Business Act, and the SBA website for additional details and the exact provisions.

Loan Program Overview

- Federally guaranteed loans available through the Small Business Administration (“SBA”) for businesses and non-profits with fewer than 500 employees (with some exceptions – see “Eligible Borrowers” below)
- Funds can be used for payroll costs, rent, mortgage payments, and utility expenses from February 15th to June 30th
- Loan amount equal to 2.5x your prior year average monthly payroll expenses, capped at \$10mm
- Loans are forgivable, meaning you do not have to repay the funds borrowed, provided you meet specific requirements to retain employees and limit reductions in employee pay
- All interest payments are deferred for 6 months
- Interest rate of 1.00%
- No fees required
- No collateral required
- No personal guarantee required

Eligibility & Requirements

- Eligible Borrowers:
 - Businesses and non-profits with fewer than 500 employees (with the exceptions listed below)
 - For restaurants and other businesses classified as “Accommodation and Food Services (NAICS 72)”, the 500-employee rule is applied on a per physical location basis
 - Franchisees are eligible, as the normal affiliation rules that would disqualify them from the small business definition are waived for this program
 - Individuals who operate as a sole proprietor
 - Individuals who operate as an independent contractor
 - Business must have been in operation prior to February 15, 2020
- Borrower must make a good faith certification that:
 - **1)** The uncertainty of current economic conditions makes the loan request necessary to support ongoing operations
 - **2)** The borrower will use the loan proceeds to retain workers and maintain payroll or make mortgage, lease, and utility payments
 - **3)** The borrower does not have an application pending for a loan duplicative of the purpose and amounts applied for here
 - **4)** From February 15 to December 31, 2020 the borrower has not received a loan duplicative of the purpose and amounts applied for here
- No collateral required
- No personal guarantee required

Loan Size and Terms

- Loan Amount: Up to \$10mm per business
 - Max loan amount calculated as 2.5x the borrower's average monthly payroll costs for the year prior to the loan origination date (payroll costs capped at \$100,000 per employee)
 - For businesses that were not operating in 2019: Max loan amount is based on the average monthly payroll costs for January and February 2020
 - For seasonal employers: Max loan amount is based on the average monthly payroll costs for the 12-week period beginning February 15, 2019 and ending June 30, 2019
- Interest Rate: 1.00%
- Term Length: 2 years (for any amount not forgiven)
- Fees: No upfront fees and no prepayment fees
- Interest Deferral: Loan payments will be deferred for 6 months
- All loans will have the same terms regardless of borrower or lender

Loan Forgiveness

- Loans are forgivable for businesses that retain workers or hire back those that were previously laid off
- Borrowers are eligible for loan forgiveness equal to the amount spent on the following items during the 8-week period beginning on the date of the origination of the loan:
 - Payroll costs
 - Rent
 - Mortgage Interest
 - Utility Expenses
- At least 75% of the forgiven amount must be used for payroll costs
- The amount of loan forgiveness will be reduced in proportion to the number of employees who are laid off or whose wages have been reduced by more than 25%
- Forgiveness amount shall not be reduced if the borrower hires back employees or increases wages above the 25% threshold by June 30, 2020

Application Information

- Applications will be accepted starting April 3, 2020
- Application deadline is June 30, 2020
- Loan applications will be handled directly by SBA (7a) approved lenders, which include most banks, credit unions, and other lender types
- Contact your local lender to ask if they are participating in the PPP program
- Application form can be found [here](#)
- More information on the [SBA website](#)

Additional Information & Resources

[SBA Small Business Guidance & Loan Resources](#)

[Borrower PPP Fact Sheet - U.S Treasury](#)

[Small Business Guide & Checklist – U.S Chamber of Commerce](#)