

Maximizing Paycheck Protection Program Loan Forgiveness



FACT SHEET

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REMEMBER THE LOAN FORGIVENESS RULES:

- Borrowers are eligible for loan forgiveness equal to the amount the borrower spent during the eight-week period, beginning on the date the loan originated.
- Not more than 25% of the forgiven amount may be for non-payroll costs.
- The following items qualify for loan forgiveness:

- » Payroll costs, including benefits.
- » Interest on mortgage obligations incurred before February 15, 2020.
- » Rent under lease agreements in force before February 15, 2020.
- » Utility costs—including electricity, gas, water, transportation, telephone and internet.

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UNDERSTAND HOW THE LOAN FORGIVENESS AMOUNT COULD BE REDUCED:

- The amount of loan forgiveness will be reduced if there is a reduction in the number of employees or a reduction of greater than 25% in wages paid to employees.
- Employment or wage reductions occurring between February 15, 2020 and 30 days following passage of the CARES Act will not reduce the amount of loan forgiveness — if by June 30, 2020 the borrower eliminates the reduction in employees or reduction in wages.

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DO WHAT YOU CAN TO ENSURE MAXIMUM LOAN FORGIVENESS:

- Follow the specific guidelines provided to you by your lender.
- If your lender did not provide you with guidelines, we recommend adhering to one of the following options:

- » Set up a separate bank account and use the account to pay qualified expenses.
- » Set up a separate balance sheet account in your accounting system to track qualified expenses.