



## FEDERAL FORGIVABLE LOANS AVAILABLE THIS FRIDAY, 4/3 -- SBA PAYCHECK PROTECTION PROGRAM 7(A) LOANS INFORMATION UPDATE

The recently passed Federal "CARES Act" (a/k/a COVID-3) includes a federal directive for the SBA to guarantee up to \$349 Billion in specific lending programs including the much publicized Paycheck Protection Program loan (a/k/a the modified and expanded SBA 7(a) business loan). This large pool of cash is limited and loans will be made on a first-come/first-served basis.

The SBA has disseminated the much-anticipated loan application and borrower information sheet. Here are the links:

[Loan Application](#)

[Borrower Information Sheet](#)

### PREPARATION AND APPLICATION:

#### Timing and Process

These loans will be made available exclusively through existing financial institutions, i.e., you will apply through banks and not directly through the SBA or Federal Treasury (unlike the Disaster Recovery Loan programs). According to the SBA, these loans will be made available this Friday, April 3, 2020. This means you should consult with your commercial lender immediately.

#### Establish data for your maximum loan amount

For eligible borrowers, the maximum loan amount for the current expanded SBA 7(a) loan is equal to 250% of your average monthly Payroll Costs over the last 12 months (subject to: \$10,000,000 cap; seasonal business rules; and \$100,000 individual employee limitation). Conventional wisdom dictates that using payroll information from April 1, 2019 through March 31, 2020 is the basic starting point. "Payroll Costs" are defined to include wages, salaries, retirement contributions, health care benefits, covered leave, salaries, wages, tips, retirement benefits, certain employer provided benefits, severance payments, state and local taxes paid on employee compensation, and other compensation paid to employees and independent contractors, excluding, however, any compensation paid to an employee or independent contractor in excess of an annualized amount of \$100,000. Payroll costs do not include qualified sick leave wages and qualified family leave wages, in each case, for which a credit is allowed under the Families First Coronavirus Response Act (COVID2).

We will keep you immediately posted with updates. Again, there is a limited pool of available funds. Preparing now positions you to be at the top of the queue for these limited funds.

**HOW CAN SCHLOSSBERG ASSIST?** Please let us know if you would like our assistance in understanding whether and how to access these programs, including the following:

- Determining loan eligibility
- Assistance with loan application process
- Reviewing your lender's SBA program loan documents
- Coordinating your SBA loan with existing loans
- Projecting amounts that will be forgiven
- Understanding the tax implications of program participation