

Paycheck Protection Program Office Hours June 25, 2020

Frequently Asked Questions



The Jewish Federations®
OF NORTH AMERICA

Disclaimer

- This information does not constitute legal, financial or accounting advice. It is provided for general informational and educational purposes.
- All organizations are urged to consult their own legal, financial or accounting advisors on whom they rely.
- Particularly in context of the SBA PPP loan program, organizations should also consult with their lender.
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Summary of Topics Covered

- Update on application
- Safe harbor discussion
- Lender's Responsibilities
- Borrower's Responsibilities

Update on Application

- New interim rule allows Forgiveness Application to be submitted before the end of the 24 weeks
 - Once monies are spent, application may be submitted
 - If salary/hourly wage reduction applies, needs to be calculated based on 24 weeks

Practical Tips to Minimize Loan Forgiveness Reduction

- Ensure that at least **60%** of loan proceeds are used to pay permitted payroll costs
- Ensure that no more than **40%** of loan proceeds are used for non-payroll costs
- Avoid reducing employee headcount or compensation during the Covered Period
- **Headcount:** Choose the Option that results in the lower number of FTEs as the base number
 - If the average headcount at the end of the Covered Period is less than the base number, it may be possible to avoid any headcount-based forgiveness if you restore reductions by 12/31/20
- **Compensation:** During the Covered Period (or Alternate Covered Period) avoid reducing salaries or wages by more than **25%** for any employee who earned less than \$100,000 (annualized in 2019) during the first quarter of 2020
 - It may be possible to avoid any pay level-based forgiveness if you fully restore compensation reductions by 12/31/20

Safe Harbor Discussion

- Definition of “Business Activity” reduction between February 15, 2020 and the end of the Covered Period
 - Example of the beauty supply store in the Interim Rule published June 23, 2020
- Inability to rehire individuals or hire similarly qualified employees to fill open positions on or before Dec 31, 2020
- Reduction in employee’s hours that a borrower offered to restore and employee refused
- Reduction in number of employees or average hours paid
- Voluntary resignations

The Lender's Perspective

- Lender is expected to perform a good-faith review, in a reasonable time, of the borrower's calculations and supporting documents
- Borrower is responsible for providing an accurate calculation of the loan forgiveness amount
- Borrower attests to the accuracy of its reported information and calculations

When Borrower Submits Form 3508(EZ), Lender Needs To:

- Confirm receipt of the borrower's certifications
- Confirm receipt of the documentation the borrower must submit to verify payroll and nonpayroll costs
- Confirm the borrower's calculations
- Confirm that the borrower made the calculation on Line 10 (Line 7) of Forgiveness Application correctly, by dividing the borrower's Eligible Payroll Costs claimed on Line 1 by 0.60

Questions & Answers

FOR MORE INFORMATION

[JewishTogether.org](https://www.jewishtogether.org)

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