

Guidance just came out from the SBA last night so there are some new things that we have learned:

1. Payments to independent contractors are not to be used in computing the loan amount.
2. The maximum loan is based on the monthly average of your payroll costs paid over the last 12 months (so April 1, 2019 through March 31, 2020)
3. Payroll costs include:
 - a. compensation to employees (whose principal place of residence is the United States) in the form of salary, wages, commissions, or similar compensation; based on employer record
 - b. cash tips or the equivalent (based on employer records of past tips or, in the absence of such records, a reasonable, good-faith employer estimate of such tips);
 - c. payment for vacation, parental, family, medical, or sick leave;
 - d. allowance for separation or dismissal;
 - e. payment for the provision of employee benefits consisting of group health care coverage, including insurance premiums, and retirement plan contributions;
 - f. payment of state and local taxes assessed on compensation of employees
4. Do not count compensation in excess of \$100,000 for any individual employee or any qualified sick and family leave wages where you are claiming a credit under the Families First Coronavirus Response Act.
5. You must complete SBA Form 2483 which is attached (this was from 9:00 last night)
6. You must also submit payroll documentation supporting the loan amount. These will be your Form 941s for the period April 1, 2019 through March 31, 2020. You should also submit documentation for the costs of group health insurance, retirement plan contributions made in the last 12 months, and any state and local payroll taxes on compensation.
7. The loan will accrue interest at 1.0%.
8. Any amounts not forgiven must be repaid over two years.
9. E-signatures will be allowed on the application.

There are some things not addressed in the notice:

1. Nothing on the affiliation rules (who gets aggregated in businesses with common ownership)
2. Do guaranteed payments to partners or partner's self-employment earning get included in the payroll amount

It is important to note that there are requirements for spending the P3 funding which may limit your loan forgiveness. I wanted to keep this email simple so you can get started.

At this point we don't know when the banks will open the floodgates, but you should be ready today. The SBA guidance makes it clear that the loan funds are made on a ***first come first served basis*** and there are limited funds in the pot.

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