

TITLE I – KEEPING AMERICAN WORKERS PAID AND EMPLOYED ACT

Who is eligible?

Business concerns with fewer than 500 employees. Employee's include individuals, on a full-time, part-time or other basis

Maximum Loan Amount – Determine loan amount – Page 17 Line 23

Loan amount is up to lesser of \$10,000,000 or 2.5 times the;

Average total **monthly** payment for Payroll Costs incurred during the 1-year period before the date the loan is made

Payroll Costs are defined as – Page 10 Line 22; are The sum of payments for

- Salaries or commissions – not more than \$100,000/employee or \$8,333/month (for employees who received more than \$100,000, limit to \$100,000 or \$8,333/month)

- Vacation, parental, family medical or sick pay

- Severance Pay

- Health care benefits, including insurance premiums

- Payment of any retirement benefits

- Sum of payments to independent contractors – not more than \$100,000/contractor or \$8,333/month

Allowable Uses of Loan – Page 20 Line 1

During the period February 15, 2020 – June 30, 2020 (the covered period) the proceeds of the covered loan can be used for;

- Payroll costs

- Costs related to the continuation of group health benefits during periods of paid sick, medical, or family leave, and insurance premiums

- Employee salaries or commissions

- Payment of interest on mortgage obligations

- Rent (including rent under a lease agreement)

- Utilities

- Interest on other debt obligations incurred before February 15, 2020

Loan Forgiveness – Page 41 Line 10

Definitions

“Covered period” related to loan forgiveness means the 8 week period beginning on the date of the origination of the loan

“Covered mortgage obligation” is an indebtedness that is a mortgage on real or personal property incurred prior to February 15, 2020

“Covered rent obligation” means rent obligated under a leasing agreement (seems to apply to both real and personal property) in force before February 15, 2020

“Covered utility payment” means payment for a service for the distribution of electricity, gas, water, transportation, telephone or internet access for which service began before February 15, 2020

“Expected forgiveness amount” means the principal that a lender reasonably expects a borrower to expend during the covered period on the sum of;

- Payroll costs – as defined above
- Interest on covered mortgage obligations
- Payments on covered rent obligations
- Covered utility payments

Loan Forgiveness Amount – page 43 Line 3

Amount equal to the sum of the following costs during the 8 week period beginning on the date of the origination of the loan for;

- Payroll costs – as defined above
- Payment of interest on a covered mortgage obligation
- Payment of covered rent obligations
- Payment of covered utility payments

Reduction of Forgiveness Amounts – page 45 Line 13

Reduction in number of employees;

The amount of eligible loan forgiveness as determined above is subject to reduction for a decrease in the average number of full-time equivalent employees per month employed during the 8 week period beginning on the loan date, compared to the lesser of; the average number of full-time equivalent employees per month for the period beginning February 15, 2019 and ending June 30, 2019; or at the election of the borrower, the average number of full-time equivalent employees per month for the period beginning on January 1, 2020 and ending on February 29, 2020.

The average number of full-time equivalent employees shall be determined by calculating the average number of full-time equivalent employees for each pay period falling within a month. A full time employee is defined as working on average at least 30 hours per week in a given month. To calculate the number of full time equivalents of part-

time employees, add the number of hours worked by part-time employees in a given month and divide the total by 120. Here is a link to a calculator; <https://www.healthcare.gov/shop-calculators-fte/>

Reduction relating to salary and wages – Page 47 Line 3

The amount of loan forgiveness shall be reduced by the amount of any reduction in total salary or wages during the 8 week period beginning with commencement of the loan, that is in excess of 25% of the total salary or wages of employees only who make less than \$100,000 annually, during the most recent full quarter during which the employee was employed before the 8 week period.

Exemption for Re-Hires – Page 47 Line 25

Amount of loan forgiveness shall be determined without regard to a reduction in the number of full time employees, or a reduction in salary, as applicable, during the period beginning February 15, 2020 and ending on the date that is 30 days after the date of enactment of this Act IF;

During the period beginning February 15, 2020 and ending on the date that is 30 days after the date of enactment of the act, there is a reduction, as compared to February 15, 2020, in the number of full-time equivalent employees, and not later than June 30, 2020 the employer has eliminated the reduction, and in the case of salary reductions, measured from February 15, 2020 through 30 days after the date of enactment compared to February 15, 2020, if such reduction is eliminated not later than June 30.

Other Miscellaneous Provisions:

Any remaining balance of the loan after the “forgiveness amount” shall have a maximum maturity of 10 years from the date on which the loan forgiveness is applied for.

Covered Loans shall bear interest at a rate not greater than 4%

Covered loans will require no payment of principal or interest for a period of not less than 6 months and not more than 1 year

There are no prepayment penalties for early repayment of the loan