



KEGLER
BROWN
HILL +
RITTER

EMPLOYER CHECKLIST

PPP Eligibility + Loan Calculator WORKSHEET

NOTE: This Checklist + Calculator is intended as a preliminary tool to help businesses determine potential eligibility, loan availability and potential forgiveness amount under the recently passed federal CARES Act. Actual eligibility and loan availability, as well as forgiveness terms may vary based on SBA regulations and guidelines once released.



ENTITY INFORMATION

1. Borrower Name

2. EIN/TIN



ELIGIBILITY INFORMATION

3. NAICS Code

Don't know your NAICS Code? [Click here](#)

4. Total Number of Employees

5. Total Number of Locations

QUALIFYING QUESTIONS

6. Was the business in operation on February 15, 2020? Yes No

7. Did the business have employees for whom the business paid payroll taxes or paid ICs on 1099-Misc. prior to February 15, 2020? Yes No

8. Do you have fewer than 500 employees? Yes No

Note: For businesses in NAICS 72 (Food and Accommodation), this 500-employee limit applies on a "per location" basis

9. Are you owned or controlled by another business or entity (including a private equity fund or venture capital fund?) Yes No

Note: If so, contact us to discuss potential application of SBA "affiliation rules," which may affect eligibility



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WORKSHEET A: AMOUNT AVAILABLE

Note: There are different rules for seasonal businesses as determined by the SBA and for new businesses not in operation from February 2019 through September 2019. Contact us if you are a seasonal business.

Note: Assumes loan origination date of May 1

Eligible Payroll Costs	Total from 5/1/19 - 4/30/20 12-month lookback from date of loan	Average Monthly Payment Total /12
Salary, Wage, Commission or Similar Compensation (Capped Per Employee at \$100,000 Per Year)		
Cash Tips or Equivalent		
Payment for Vacation, Parental, Family, Medical or Sick Leave		
Allowance for Dismissal or Separation		
Payments Required for the Provision of Group Health Benefits, Including Insurance Premiums		
Payment of Any Retirement Benefit (e.g. 401k Match)		
Payment of Independent Contractors (Capped Per Individual at \$100,000 Per Year)		
Payment of State or Local Tax Assessed on the Compensation of Employees		
	TOTAL	
LOAN AMOUNT = Lesser of \$10,000,000 OR (Monthly Total * 2.5)		



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WORKSHEET B: EXPECTED FORGIVENESS AMOUNT (PRIOR TO REDUCTIONS)

Note: This should include the totals for 8 weeks of expenses following loan funding.

	Total Projected Payments during "Covered Period" of 8 weeks following loan origination
Payment of Covered Payroll Costs	
Salary, Wage, Commission or Similar Compensation (Capped Per Employee at \$100,000 Per Year)	
Owner Compensation if self-employed and file Form 1040 (Weekly Average Based on 2019 Net Profit; Capped at \$15,385)	
Cash Tips or Equivalent	
Payment for Vacation, Parental, Family, Medical or Sick Leave	
Allowance for Dismissal or Separation	
Payments Required for the Provision of Group Health Benefits, Including Insurance Premiums	
Payment of Any Retirement Benefit	
Payment of State or Local Tax Assessed on the Compensation of Employees	
Payment of Independent Contractors (Capped Per Individual at \$100,000 Per Year)	
Payment of INTEREST ONLY on Any Covered Mortgage Obligation (e.g. Mortgage on Borrower's Real or Personal Property Obtained Before February 15, 2020)	
Payment of Covered Rent Obligation (e.g. Lease in Existence Prior to February 15, 2020)	
Payment of Covered Utility Payments (e.g. Electricity, Gas, Water, Transportation, Telephone, or Internet Access for Which Service began before February 15, 2020)	
TOTAL COVERED EXPENSES FOR 8 WEEKS = Total of Expenses	



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WORKSHEET C: REDUCTION ON FORGIVENESS AMOUNT

Note: Monthly “full-time equivalent” (FTE) determination is made on a per-payroll basis (i.e. average of FTEs based on hours on each payroll in a given month).

Historical Period A	Average FTEs Per Month from February 15, 2019, through June 30, 2019	FTEs
Historical Period B	Average FTEs Per Month from January 1, 2020, through February 29, 2020	FTEs
Measurement Period	Average FTEs Projected During the 8 Weeks Following Loan Origination (Assume May 1 Loan Funding Date)	FTEs
Comparison Period	Lower FTE Average of Historical Period A and Historical Period B	FTEs
Reduction Ratio	[Measurement Period] / [Comparison Period]	% (100% Cap)
Net Forgivable Amount	[Total Covered Expenses] * [Reduction Ratio] <i>(from Worksheet B)</i>	\$
Excess Compensation Reductions	Total Amount of Any Compensation Deductions on Individuals Making Less Than \$100,000 in 2019 (determined per 2019 pay period) In Excess of 25%	\$
Total Forgivable Amount [Net Forgivable Amount] - [Excess Compensation Reductions]		\$



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WORKSHEET D: FINAL SNAPSHOT

Loan Amount Available	From Worksheet A	\$
Total Forgivable Amount	From Worksheet C	\$
Amount Converted to Loan	$[\text{Loan Amount Available}] - [\text{Total Forgivable Amount}]$	\$

ADDITIONAL INFORMATION

Provisions on Re-Hire + Restoration of Compensation Levels

There is no reduction in forgiveness for employees who are laid-off, terminated or experience a reduction in pay if employees are re-hired and have their compensation restored by June 30, 2020.

Requirements for Loan Forgiveness

Each business will need to provide documentation verifying the number of FTEs on payroll and pay rates for the periods above, including:

1. Payroll tax filings
2. State income, payroll, and unemployment insurance filings

Documentation may include canceled checks, payment receipts, transcripts of accounts, or other documentation verifying payments on covered mortgage obligations, lease obligations and covered utility payments.



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FAQ: The Paycheck Protection Program or “PPP”

Would I be eligible? The version passed by the Senate would make \$349 billion available to businesses in operation on February 15th and having 500 or fewer employees.

I am a restaurant owner and have several locations and well over 500 employees, am I eligible? Maybe. Restaurants having not more than 500 employees *at any single physical location* are eligible. This also applies to the hospitality industry and any business having an NAICS code beginning with 72.

Does the “Credit Elsewhere Test” apply? The “Credit Elsewhere Test” normally requires a borrower applying for an SBA to show that they cannot obtain loan funds from alternative sources without causing undue hardship. With PPP loans, *this test does not apply.*

How much could I borrow? A small business owner would be able to borrow the lesser of \$10,000,000 or 2.5X the applicant’s average monthly obligation for payroll costs.

Do I have to personally guarantee the loan? No. The loans are non-recourse. However, an applicant may be liable for uses of loan proceeds that are not permitted.

How do I obtain the loan? The loans will be underwritten by banks like other SBA loans and are backed by the federal government, which makes them very low risk for commercial banks. If you are planning on applying, you should start the conversation with your banker as soon as possible in order to expedite the process.

Will the normal SBA fees apply? No. However, it is unclear whether banks can charge origination fees.

What could I spend the money on? The funds could be used for payroll support, health insurance premiums, interest on mortgages and debts existing prior to February 15th, rent, utilities, and possibly the refinance of certain other SBA loans entered into after January 31st.

Do I have to pay it all back? Not necessarily. As long as the company maintains its level of employment and wages from March 1st until June 30th, the portion used to cover payroll obligations *would be forgiven*. Even if you do not maintain the same level of employment and wages, forgiveness is not “all or nothing.” The forgiveness amount would be reduced by the amount of any reduction in workforce or wages.



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FAQ: The Paycheck Protection Program or “PPP”

Are forgiven amounts taxable? No, any amounts forgiven are exempt from gross income.

How do I apply for forgiveness? You must file an application with the lender documenting:

- + the number of full-time equivalent employees (FTEs) on payroll and pay rates from March 1 to June 30;
- + documentation verifying payments on covered mortgages, covered leases, and covered utility payments;
- + a certification that: (a) the documentation is true and correct, and (b) the funds were used in accordance with the PPP limitations; and
- + any other documentation the loan administrator deems necessary.

How long will it take to receive forgiveness after I apply? The lender must process within 60 days of receiving the required information.

What happens if the entire amount I borrow is not forgiven? The amount becomes a standard loan. The exact terms will be established by the SBA. However, the maximum maturity date is 10 years and the interest rate will not exceed 4%. If I have to pay back some of the loan, when are payments due? No earlier than 6 months. Lenders must defer payment for 6-12 months.

Are there prepayment penalties? No.

Can I receive a loan through the PPP and an SBA Economic Injury Disaster Loan (EIDL) that is currently offered? Yes. An applicant is not precluded from receiving a PPP loan if they already have an EIDL *so long as* the PPP funds are not used for the same purpose as the funds received via the EIDL. For instance, a business owner may use PPP funds to cover payroll and an EIDL to cover accounts payable from inventory.

Will there be further guidance on the PPP? Yes. The SBA will issue guidance and regulations within 30 days of the passage of the bill.



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