



Details and Eligibility for “Paycheck Protection Loans” through SBA

<https://www.congress.gov/116/bills/s3548/BILLS-116s3548is.pdf>

SEC. 1102. 7(a) LOAN PROGRAM.

(a) DEFINITION OF COVERED PERIOD.-In this section, the term "covered period" means the period beginning on March 1, 2020 and ending on December 31, 2020.

(c) MAXIMUM LOAN AMOUNT.-During the covered period, with respect to any loan guaranteed under section 7(a) of the Small Business Act (15 U.S.C. 636(a)) for which an application is approved or pending approval on or after the date of enactment of this Act, the maximum loan amount shall be the lesser of-

(1) the product ("the loan amount" is) obtained by multiplying-

(A) the average total monthly payments by the applicant for payroll, mortgage payments, rent payments, and payments on any other debt obligations incurred during the 1 year period before the date on which the loan is made, except that, in the case of an applicant that is seasonal employer, as determined by the Administrator, the average total monthly payments for payroll shall be for the period beginning March 1, 2019 and ending June 30, 2019; by

(B) 4; or

(2) \$10,000,000 (max.)

In addition to the allowable uses of such a loan, use the proceeds of the loan for-

(A) payroll support, including paid sick, medical, or family leave, and costs related to the continuation of group health care benefits during those periods of leave;

(B) employee salaries;

(C) mortgage payments;

(D) rent (including rent under a lease agreement);

(E) utilities; and

(F) any other debt obligations that were incurred before the covered period.

A lender shall only consider whether the borrower-

(i) was in operation on March 1, 2020; and

(ii) had employees for whom the borrower paid salaries and payroll taxes.

SEC. 1105. LOAN FORGIVENESS

(a) DEFINITIONS.-In this section-

(1) the term "covered 7(a) loan" means a loan guaranteed under section 7(a) of the Small Business Act (15 U.S.C. 636(a)) that is made during the covered period;

(2) the term "covered period" means the period beginning on March 1, 2020 and ending on June 30, 2020;

(3) the term "eligible recipient" means the recipient of a covered 7(a) loan; and

(4) the term "payroll costs" shall not include-

(A) the compensation of an individual employee in excess of \$33,333 during the covered period;

(B) qualified sick leave wages for which a credit is allowed under section 7001 of the Families First Coronavirus Response Act; or

(C) qualified family leave wages for which a credit is allowed under section 7003 of the Families First Coronavirus Response Act.

(b) FORGIVENESS.-An eligible recipient shall be eligible for forgiveness of indebtedness on a covered 7(a) loan in an amount equal to the cost of maintaining payroll continuity during the covered period.



(c) TREATMENT OF AMOUNTS FORGIVEN.-

(1) IN GENERAL.-Amounts which have been forgiven under this section shall be considered canceled indebtedness by lenders authorized under section 7(a) of the Small Business Act (15 U.S.C. 636(a)).

(2) FOR PURPOSES OF REDEMPTION OF GUARANTEES.-For purposes of the redemption of a guarantee by the lender for a covered 7(a) loan, amounts which are forgiven under this section shall be treated as a default, in accordance with the procedures that are otherwise applicable to a default on a loan guaranteed under section 7(a) of the Small Business Act (15 U.S.C. 636(a)).

(d) LIMITS ON AMOUNT OF FORGIVENESS.-

(1) IN GENERAL.-The amount of loan forgiveness under this section for an eligible recipient shall not exceed the sum of-

(A) the total payroll costs incurred by the eligible recipient during the covered period; and

(B) the amount of payments made during the covered period on debt obligations that were incurred before the covered period.

(2) REDUCTION BASED ON REDUCTION IN NUMBER OF EMPLOYEES.-

(A) IN GENERAL.-The amount of loan forgiveness under this section shall be reduced by the percentage equal to the difference obtained by subtracting-

(i) the quotient obtained by dividing-

(I) the average number of full-time equivalent employees per month employed by the eligible recipient during the covered period; by

(II) (aa) the average number of full time equivalent employees per month employed by the eligible recipient during the period beginning on March 1, 2019 and ending on June 30, 2019; or

(bb) in the case of an eligible recipient that is seasonal employer, as determined by the Administrator, the average number of full-time equivalent employees per month employed by the eligible recipient during the period beginning on March 1, 2019 and ending on June 30, 2019; from

(ii) 1.

(B) CALCULATION OF AVERAGE NUMBER OF EMPLOYEES.-The average number of full-time equivalent employees shall be determined by calculating the average number of employees for each pay period falling within a month.

(3) REDUCTION RELATING TO COMPENSATION.-The amount of loan forgiveness under this section shall also be reduced by the amount of any reduction in excess of 25 percent of compensation in the most recent full quarter in which the employee was paid in compensation during the covered period of any employee who was compensated-

(A) in an amount less than \$33,333 during the period beginning on March 1, 2019 and ending on June 30, 2019; or

(B) not more than \$100,000 on annualized basis during 2019.

(4) EXCEPTION FOR TIPPED WORKERS.-An eligible recipient with tipped employees described in section 3(m)(2)(A) of the Fair Labor Standards Act of 1938 (29 U.S.C. 203(m)(2)(A)) may receive forgiveness for additional wages paid to those employees.

(e) APPLICATION.-An eligible recipient seeking loan forgiveness under this section shall submit to the lender that originated the covered 7(a) loan an application, which shall include documentation verifying the number of full-time equivalent employees on payroll and pay rates for the periods described in subsection (d), including-

(1) payroll tax filings reported to the Internal Revenue Service;

(2) State income, payroll, and unemployment insurance filings;

(3) financial statements verifying payment on debt obligations incurred before the covered period; and

(4) any other documentation the Administrator determines necessary.



(f) CERTIFICATION.-An eligible recipient receiving loan forgiveness under this section shall make a good faith certification that the uncertainty of current economic conditions justifies the loan request to support the ongoing operations of the borrower, and acknowledges that funds will be used to retain workers and maintain payroll.

(g) PROHIBITION ON FORGIVENESS WITHOUT DOCUMENTATION.-No eligible recipient shall receive forgiveness under this section without submitting to the lender that originated the covered 7(a) loan the documentation required under subsection (e).

(h) DECISION.-Not later than 15 days after the date on which a lender receives an application for loan forgiveness under this section from an eligible recipient, the lender shall issue a decision on the an application.

(i) TAXABILITY.-Canceled indebtedness under this section shall be excluded from gross income for purposes of the Internal Revenue Code of 1986.

(j) RULE OF CONSTRUCTION.-The cancellation of indebtedness on a covered 7(a) loan under this section shall not otherwise modify the terms and conditions of the covered 7(a) loan.

(k) REGULATIONS.-Not later than 30 days after the date of enactment of this Act, the Administrator shall issue guidance and regulations implementing this section.