

To: MSPA Americas Members
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In response to the member request about new SBA loans that could be subject to forgiveness, the following is a high-level summary of some of the principal features of such a loan that are contained in an advance copy of the most current version of the pending Senate bill. The details could change prior to the bill being enacted, but this summarizes the terms in the bill at this time.

Paycheck Protection Program – SBA Loan

- Maximum interest rate during the Covered Period of 4%
- Covered Period 2/15/2020 – 6/30/2020
- No personal guarantee required
- Loans made through SBA-authorized lenders
- Payment deferment relief for ≥ 6 months (but ≤ 1 year)
- Available to employers with ≤ 500 employees
- Subject to partial forgiveness based on a formula taking into account any reduction in employees or wages paid to such employees
- Loan amount:

lesser of—

(i)(I) the sum of—

(aa) the product obtained by multiplying—

“(AA) the average total monthly payments by the applicant for payroll costs (up to \$100,000 per employee) 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 12-week period beginning February 15, 2019, or at the election of the eligible recipient, March 1, 2019, and ending June 30, 2019; by

(BB) 2.5; and

(bb) the outstanding amount of a specified other preexisting SBA loan

(ii) \$10 million

- Allowable uses of covered loans:

During the covered period, an eligible recipient may use the proceeds of the covered loan for—

(I) payroll costs;

(II) costs related to the continuation of group health care benefits during periods of paid sick, medical, or family leave, and insurance premiums;

(III) employee salaries, commissions, or similar compensations;

(IV) payments of interest on any mortgage obligation (which shall not include any prepayment of or payment of principal on a mortgage obligation);

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

(VI) utilities;

(VII) interest on any other debt obligations that were incurred before the covered period; and

(VIII) other specified purposes.

- An eligible recipient applying for a covered loan shall make a good faith certification—
 - (I) that the uncertainty of current economic conditions makes necessary the loan request to support the ongoing operations of the eligible recipient;
 - (II) acknowledging that funds will be used to retain workers and maintain payroll or make mortgage payments, lease payments, and utility payments;
 - (III) that the eligible recipient does not have an application pending for a loan under this subsection for the same purpose and duplicative of amounts applied for or received under a covered loan; and
 - (IV) during the period beginning on February 15, 2020 and ending on December 31, 2020, that the eligible recipient has not received amounts under this subsection for the same purpose and duplicative of amounts applied for or received under a covered loan.
- It is the sense of the Senate that the SBA Administrator should issue guidance to lenders and agents to ensure that the processing and disbursement of covered loans prioritizes small business concerns and entities in underserved and rural markets, including veterans and members of the military community, small business concerns owned and controlled by socially and economically disadvantaged individuals (as defined in section 8(d)(3)(C)), women, and businesses in operation for less than 2 years.