



**A Working Summary of the SBA Forgivable Loan Program  
as contained in  
the Coronavirus Aid, Relief, And Economic Security (CARES) Act**

Status of Coronavirus Aid, Relief, And Economic Security (CARES) Act

- Signed into Law on March 27, 2020
- The SBA Committee will outline the application process and disseminate that information to lenders across the United States
- The instructions could be released as early as April 3, 2020

Highlights

- This program provides a SBA loan equal to 2.5 times the amount of average monthly payroll expense
- This loan requires no personal guarantee and is secured by the Federal Government
- If the full loan amount is spent on qualified expenses (payroll, mortgage/rent, utilities) AND staffing levels, including Full Time Employee Equivalents (FTEE), through June 30, 2020, the loan appears to be forgiven

Loan Application Requirements

- Make a good faith certification that:
  - The loan is needed to continue operations during the pandemic
  - Funds are designated to retain workers, meet payroll expenses, and cover mortgage, rent, and utility payments
  - The applicant does not have a pending SBA loan application
  - From February 15, 2020 until December 31, 2020, the applicant has not received duplicative amounts under this program
- Instead of determining repayment ability, lenders are required for eligibility purposes to determine whether an organization was operational on February 15, 2020 and had employees for whom it paid salaries and payroll taxes
- No more than 500 employees per physical location
- Loan amount to be based on 2.5 times average monthly payroll expense (not sure yet if it will include a clergy's housing exclusion or not)
- Time period to be considered: March, 2019 – February, 2020

## Loan Forgiveness

- Organizations seeking forgiveness of the loan must submit to the lender:
  - Documentation verifying Full Time Employee Equivalents (FTEE) and their pay rates
  - Documentation on covered expenses (i.e. documents verifying mortgage, rent, and utility payments)
  - Certification that the documentation is true and correct and that forgiveness amounts requested were used to retain employees and make other forgiveness-eligible payments
  - Other documentation may be required
- Ensure the number of FTEE between February 15, 2020 and June 30, 2020 is equal to or greater than the number of FTEE between February 15, 2019 and June 30, 2019
- Organizations will verify through documentation to lenders their payments during the period
  - Forgiveness on a covered loan is equal to the sum of:
    - Payroll expenses incurred during the covered period compared to the previous year or time period, proportionate to maintaining employees and wages
    - Any covered mortgage interest payment (not including any prepayment of or payment of principal on a covered mortgage)
    - Any payment on a covered rent obligation
    - Any covered utility payment