As of June 17, 2020

Frequently Asked Questions (FAQs) for Small Businesses

The following document provides a high-level overview of key elements under the CARES Act and Paycheck Protection Program (PPP) Flexibility Act and related Treasury and Small Business Administration (SBA) forms and guidance with respect to small business assistance under the PPP and Economic Injury Disaster Loan (EIDL) program administered by the SBA, including the Treasury FAQs (updated frequently). This document is intended to provide detailed information regarding specific questions you may have about the small business lending programs under the CARES Act. In addition to these FAQs, you may wish to review the May 22 guidance from Treasury and SBA, which describes the SBA's process for reviewing individual PPP loans. For any additional questions please speak with your business contacts at Goldman Sachs. For additional resources, visit the Goldman Sachs US Small Business Resource Center. We will update these FAQs as additional guidance is released.

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Paycheck Protection Program Eligibility

Q: Who is eligible under the PPP?

- In addition to "traditional" small businesses, assistance will be provided to non-profits, sole proprietors, independent contractors, self-employed individuals and "gig" workers
- Your small business is eligible if you have **500 or fewer employees**, unless the SBA has established a higher size threshold for the relevant industry, and your principal place of residence is in the United States. Small business size standards by NAICS Industry that apply to all SBA programs can be found here
- Additionally, a business can qualify for the PPP if it met both tests in SBA's "alternative size standard" as of March 27, 2020: (1) maximum tangible net worth of the business is not more than $15 million; and (2) the average net income after Federal income taxes (excluding any carry-over losses) of the business for the two full fiscal years before the date of the application is not more than $5 million
- Unless otherwise exempted, your employee figure is required to take into account affiliates, determined using the SBA's affiliate rules (e.g., **if your business is a portfolio company affiliated with a private equity or other firm, for example, your business may need to count all employees of the private equity or other firm, as well as all employees of other entities that the private equity or other firm has control over**)
- However, the CARES Act waives the affiliation rules of the SBA for certain sectors such as hotel and restaurant sectors with a NAICS 72 code, as well as SBA recognized franchises and U.S. businesses that receive financial assistance from a small business investment company (SBIC)
- For additional information on the affiliation requirements, see our separate affiliation FAQs

Q: Who is not eligible under the PPP? *(updated on June 12)*

- Other than those businesses expressly permitted under the CARES Act, any business that is not eligible under SBA Rule 120.110 (such as financial businesses primarily engaged in the business of lending, such as banks and finance companies, as well as life insurance companies, hedge funds and private equity firms)
- Any business engaged in any activity that is illegal under federal, state, or local law
- Any individual who employs household employees such as nannies or housekeepers
- Any business where an owner of 20% or more of the equity of that business is or has been subject to certain criminal charges or sanctions (incarcerated, on probation, on parole, currently subject to an indictment, criminal information, arraignment or other means by which formal criminal charges are brought in any jurisdiction), or has been convicted of a felony involving fraud, bribery, embezzlement, or a false statement in a loan application or an application for federal financial assistance within the last five years or any other felony within the last year
- You, or any business owned or controlled by you or any of your owners, has ever obtained a direct or guaranteed loan from SBA or any other Federal agency that is currently delinquent or has defaulted within the last seven years and caused a loss to the government

Q: To determine my eligibility under the 500-employee or other applicable threshold established by the CARES Act, do I need to count all employees or only full-time equivalent employees? *(updated on April 26)*

- You must calculate the total number of employees, including part-time employees, when determining your employee headcount for purposes of the eligibility threshold
- For example, if your business has 200 full-time employees and 50 part-time employees each working 10 hours per week, your business has a total of 250 employees
- By contrast, for purposes of loan forgiveness, the CARES Act uses the standard of "fulltime equivalent employees" to determine the extent to which the loan forgiveness amount will be reduced in the event of workforce reductions

Q: Do I need to first look for other funds before applying to this program?

- No. The usual SBA "Credit Elsewhere" requirement for 7(a) loans is waived. However, you should carefully review the required certification on the Borrower Application Form stating that "[c]urrent economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant"

Q: If I took a bridge loan through my state, am I eligible to apply for a loan under this program?

- A borrower may take out a state bridge loan and remain eligible for a loan under this program

Q: Can a single corporate group receive unlimited PPP loans? *(updated on April 30)*

- No. Businesses that are part of a single corporate group cannot receive more than $20 million of PPP loans in the aggregate
- For purposes of this limit, businesses are part of a single corporate group if they are majority owned, directly or indirectly, by a common parent
- It is the responsibility of an applicant for a PPP loan to notify the lender if the applicant has applied for or received PPP loans in excess of this amount and withdraw or request cancellation of any pending PPP loan application or approved PPP loan not in compliance with the limitation
- Failure to do so will be regarded as a use of PPP funds for unauthorized purposes, and the loan will not be eligible for forgiveness

Q: My small business is a seasonal business whose activity increases from April to June. Considering activity from that period would be a more accurate reflection of my business's operations. However, my small business was not fully ramped up on February 15, 2020. Am I still eligible? *(updated on April 7)*

- In evaluating your business's eligibility, a lender may consider whether a seasonal business was in operation on February 15, 2020 or for an 8-week period between February 15, 2019 and June 30, 2019

Q: My small business is a seasonable business that was dormant or not fully operating as of February 15, 2020. Am I still eligible for a PPP loan? *(updated on April 28)*

- Yes. In evaluating eligibility, a seasonal business will be considered to have been in operation as of February 15, 2020 if the business was in operation for any 8-week period between May 1, 2019 and September 15, 2019

Q: I pleaded guilty to a felony crime a very long time ago. Am I still eligible for the PPP? *(updated on June 12)*

- It depends. A business is not eligible where an owner of 20% or more of the equity of that business is or has been subject to certain criminal charges or sanctions (incarcerated, on probation, on parole, currently subject to an indictment, criminal information, arraignment or other means by which formal criminal charges are brought in any jurisdiction), or has been convicted of a felony involving fraud, bribery, embezzlement, or a false statement in a loan application or an application for federal financial assistance within the last five years or any other felony within the last year

Q: Am I eligible for a PPP loan if my business is a portfolio company of a private equity fund? *(updated on April 24)*

- You must apply the affiliation rules that appear in 13 CFR 121.301(f), as described further in our separate affiliate FAQs
- The affiliation rules apply to private equity-owned businesses in the same manner as any other business subject to outside ownership or control
- However, in addition to applying any applicable affiliation rules, you should carefully review the required certification on the Borrower Application Form stating that "[c]urrent economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant"

Q: Is a hospital owned by governmental entities eligible for a PPP loan? *(updated on April 24)*

- A hospital that is otherwise eligible to receive a PPP loan (as a small business or non-profit) will be eligible to receive a PPP loan even if it is owned by a state or local government as long as the hospital receives less than 50% of its funding from state or local government sources, exclusive of Medicaid

Q: Will I be approved for a PPP loan if my business is in bankruptcy? *(updated on April 24)*

- No. If you or an owner of your business is the debtor in a bankruptcy proceeding, either at the time you submit the application or at any time before the loan is disbursed, you are ineligible to receive a PPP loan
- If you or the owner become the debtor in a bankruptcy proceeding after submitting a PPP application but before the loan is disbursed, it is your obligation to notify your lender and request cancellation of the application
- Failure to do so will be regarded as a use of PPP funds for unauthorized purposes

Q: Does the PPP cover paid sick leave?

- Yes, the program covers payroll costs, which include employee benefits such as costs for parental, family, medical, or sick leave

General Paycheck Protection Program Questions

Q: Are the loans under the PPP provided on a "first-come, first-served" basis?
- Yes, they will be provided on a "first-come, first-served" basis

Q: What is the window of coverage? (*updated on June 11*)
- The program will apply retroactively to February 15 and extend hardship criteria through December 31, though applications will stop being accepted on June 30
- Treasury has encouraged potential borrowers to apply **as quickly as possible** because of the limited amount of funds and because lenders will require time to process an application

Q: What do I need to apply?
- An applicant must complete a borrower application and submit it with required payroll documentation to an SBA approved lender
- Most applicants will need to submit IRS payroll tax forms for 2019
- Key aspects of the loan application include certifications that you must make (described below)

Q: Can payments be deferred? When will I have to begin paying principal and interest on my PPP loan? (*updated on June 11*)
- Yes. If you submit to your lender a loan forgiveness application within 10 months after the end of your loan forgiveness period, you will not have to make any payments of principal or interest on your loan before the date on which SBA provides the loan forgiveness amount to your lender (or notifies your lender that no loan forgiveness is allowed); your lender will provide you with this information and the date your first payment is due
- Interest will continue to accrue over the deferral period, but, if the full principal of the loan is forgiven, you are not responsible for the interest accrued after the origination date of the loan
- If you do not submit to your lender a loan forgiveness application within 10 months after the end of your loan forgiveness period, you must begin paying principal and interest after that period

Q: What are the loan terms? (*updated on June 11*)
- The fixed interest rate is 1.00% annually
- If your loan was made before June 5, 2020, the maturity is two years; however, you and your lender may mutually agree to extend the maturity of your loan to five years
- If your loan was made on or after June 5, the maturity is five years
- You may repay the loan earlier without any prepayment penalty or fee
- All borrowers will receive at least 10 months of interest and principal payment deferment

Q: Do I need to pledge collateral or provide a personal guarantee?
- No. Collateral and personal guarantee requirements are waived

Q: How can PPP loans be used? (*updated on June 11*)
- The proceeds of a PPP loan are to be used for:
  - payroll costs
  - costs related to the continuation of group health care benefits during periods of paid sick, medical, or family leave, and insurance premiums
  - mortgage interest payments (but not mortgage prepayments or principal payments)
  - rent and utility payments
  - interest payments on any other debt obligations that were incurred before February 15, 2020 and/or
  - refinancing an SBA EIDL loan made between January 31, 2020 and April 3, 2020 (see below)

Q: How much of the loan may be used for "payroll costs" versus rent, utilities and other permissible uses? (*updated on June 11*)
- At least 60% of the loan must be used for "payroll costs"
- For purposes of determining the percentage of use of proceeds for payroll costs, the amount of any EIDL refinanced will be included (see below)

Q: If I have applied for, or received, an EIDL related to COVID-19, will I be able to refinance the EIDL into a loan under this program? (*updated on June 11*)
- If you received an EIDL loan from January 31, 2020 through April 3, 2020, you can apply for a PPP loan
- If your EIDL loan was not used for payroll costs, it does not affect your eligibility for a PPP loan
- If your EIDL loan was used for payroll costs, your PPP loan must be used to refinance your EIDL loan
- Proceeds from any advance up to $10,000 on the EIDL loan will be deducted from the loan forgiveness amount on the PPP loan

Q: Can I use e-signatures or e-consents if a borrower has multiple owners?
- Yes, e-signature or e-consents can be used regardless of the number of owners

Q: When should I expect to receive my loan payment? (*updated on April 9*)
- Lenders are expected to make the first disbursement of the loan no later than 10 calendar days from the date of loan approval

Q: Where do I apply?
- A list of eligible SBA lenders is available at https://www.sba.gov/paycheckprotection/find/
- SBA resource partners are available to help guide you through the PPP application process. Find the nearest Small Business Development Center, Women's Business Center, or SCORE mentorship chapter at https://www.sba.gov/localassistance/find/

Q: I am a self-employed individual, and I want to apply for a PPP loan. Can you provide me with guidance on how I can apply? *(updated on April 24)*
- We recommend that you review the SBA's interim final rule released on April 14 as well as the Treasury guidance released on April 24

Q: What do I need to certify to my lender in order to get a loan? (*updated on June 11*)
- As part of your application, you must certify in good faith that:
  - Your business was in operation on February 15, 2020 and had employees for whom you paid salaries and payroll taxes or paid independent contractors
  - Current economic uncertainty makes the loan necessary to support your ongoing obligations
  - The funds will be used to retain workers and maintain payroll or to make mortgage, lease, and utility payments, and that not more than 40% of loan proceeds may be used for non-payroll costs
  - You understand that if the funds are knowingly used for unauthorized purposes, the federal government may hold you legally liable (such as charges for fraud)
  - You will provide to the lender documentation that verifies the number of full-time equivalent employees on payroll and the dollar amounts of payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities for the loan forgiveness period
  - Loan forgiveness will be provided for the sum of documented payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities, with not more than 40% of the forgiven amount being used for non-payroll costs
  - You have not and will not receive another loan under this program
  - All the information you provided in your application and in all supporting documents and forms is true and accurate (knowingly making a false statement to get a loan under this program is punishable by law)
  - You acknowledge that the lender will confirm the eligible loan amount using the documents you submitted
  - You understand, acknowledge, and agree that the lender can share the eligible loan amount using required documents submitted (including tax documents) with the SBA's authorized representatives, including authorized representatives of the SBA Office of Inspector General, for the purposes of compliance with SBA Loan Program Requirements and all SBA reviews

Q: *How* will the SBA review my good-faith certification concerning the necessity of my loan request (described above)? (*updated on May 13*)

- The following safe harbor will apply to SBA's review of PPP loans: If your business, together with your affiliates, received PPP loans with an original principal amount of less than $2 million, you will be deemed to have made the required certification concerning the necessity of the loan request in good faith
- Importantly, if your business received a PPP loan greater than $2 million that does not satisfy this safe harbor may still have an adequate basis for making the required good-faith certification, based on your individual circumstances in light of the language of the certification and SBA guidance
- If you applied for a PPP loan and did not have an adequate basis for making the required certification, you will be deemed by SBA to have made the required certification in good faith if you repaid the loan in full by May 18, 2020
- All PPP loans in excess of $2 million, and other PPP loans as appropriate, will be subject to review by SBA for compliance with program requirements
- If SBA determines in the course of its review that your business lacked an adequate basis for the required certification concerning the necessity of the loan request, SBA will seek repayment of the outstanding PPP loan balance and will inform your lender that you are not eligible for loan forgiveness
- If you repay the loan after receiving this notification from SBA, SBA will not pursue administrative enforcement or referrals to other agencies based on its determination with respect to the certification concerning necessity of the loan request. SBA's determination concerning the certification regarding the necessity of the loan request will not affect SBA's loan guarantee

Q: If my business is owned by a large company or private company with adequate sources of liquidity to support my business's ongoing operations, can my business qualify for a PPP loan? (*updated on May 13*)

- In addition to reviewing applicable affiliation rules to determine eligibility, you must assess your economic need for a PPP loan under the standard established by the CARES Act and the PPP regulations at the time of the loan application
- Although the CARES Act suspends the ordinary requirement that borrowers must be unable to obtain credit elsewhere, you still must certify in good faith that your PPP loan request is necessary
- Specifically, before submitting a PPP application, you should review carefully the required certification that "[c]urrent economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant"
- You must make this certification in good faith, taking into account your current business activity and your ability to access other sources of liquidity sufficient to support your ongoing operations in a manner that is not significantly detrimental to the business

Calculating Paycheck Protection Program Loan Amount

Q: How much funding can I receive? *(updated on June 17)*
- A maximum loan amount of 2.5 times your business's average total monthly "payroll costs" (capped at $10 million total) plus the outstanding amount of an EIDL made between January 31, 2020 and April 3, 2020 (less any "advance" under an EIDL Grant)
- "Payroll costs" include more than annual salaries. They also include group healthcare insurance premiums, retirement benefits, and vacation, paternal, family, medical and sick leave payments
- The loan proceeds may be used beyond "payroll costs" to cover utilities, lease payments, mortgage interest payments (but not prepayment of or payment of principal), payments of interest on other debt obligations, and refinancings of EIDLs. However, at least 60% of the loan must be used for "payroll costs" and permitted non-payroll costs are not included in the calculation of "payroll costs" to determine the loan amount
- Amounts used for non-payroll costs may impact loan forgiveness (see below)

Q: How are "payroll costs" defined? *(updated on May 5)*
- "Payroll costs" for businesses include salaries, wages, cash tips, payments for vacation, parental, family, medical, or sick leave, and group health care benefits, as well as certain other employment-related expenses; student workers generally count as employees, but independent contractors do not count as employees
- "Payroll costs" for sole proprietors and independent contractors include wages and net earnings from self-employment

Q: What is excluded from being considered "payroll costs"?
- Any compensation to an individual in excess of $100,000 annually
- Any compensation to employees principally residing outside the United States
- Certain taxes and qualified sick leave and family wages that receive a tax credit under the Families First Coronavirus Response Act (the second emergency legislation enacted)

Q: How do I calculate "payroll costs"? *(updated on April 7)*
- Generally, the average payroll will be calculated over (i) the year prior to the loan origination, or (ii) the period between January 1, 2020 and February 29, 2020 for businesses not in operation during the period between February 15, 2019 and June 30, 2019
- Seasonal businesses have a separate calculation of "payroll costs," which is described below
- However, borrowers are permitted to calculate their aggregate payroll costs using data either from the previous 12 months or from calendar year 2019.
- The PPP borrower application form provides that most applicants will need to submit IRS payroll tax forms for 2019, which will be used by lenders to calculate the loan amount

Q: The CARES Act excludes from the definition of payroll costs any employee compensation in excess of an annual salary of $100,000. Does that exclusion apply to all employee benefits of monetary value? *(updated on April 7)*
- No. The exclusion of compensation in excess of $100,000 annually applies only to cash compensation, not to non-cash benefits, including:
  - — employer contributions to defined-benefit or defined-contribution retirement plans;
  - — payment for the provision of employee benefits consisting of group health care coverage, including insurance premiums; and
  - — payment of state and local taxes assessed on compensation of employees.

Q: Do independent contractors count as employees for purposes of loan calculations?
- No, independent contractors have the ability to apply for a PPP loan on their own so they do not count for purposes of your business's loan calculation

Q: How do I calculate the maximum amount I can borrow if I am a small business (but not a self-employed business or individual, partnership, S corporation, C corporation, or non-profit)?

- Step 1: Aggregate payroll costs from the last 12 months for employees whose principal place of residence is the United States
- Step 2: Subtract any compensation paid to an employee in excess of an annual salary of $100,000 and/or any amounts paid to an independent contractor or sole proprietor in excess of $100,000 per year
- Step 3: Calculate average monthly payroll costs (divide the amount from Step 2 by 12)
- Step 4: Multiply the average monthly payroll costs from Step 3 by 2.5
- Step 5: Add the outstanding amount of an EIDL made between January 31, 2020 and April 3, 2020, less the amount of any "advance" under an EIDL COVID-19 loan (because it does not have to be repaid)

Q: I am a self-employed business or individual, partnership, S corporation, C corporation, or non-profit. How do I calculate the maximum amount I can borrow? *(updated on April 24)*

- See the Treasury guidance from April 24 to determine how to calculate your maximum loan amount
- For self-employed individuals / businesses, see Questions 1–3 of the guidance
- For partnerships, see Question 4 of the guidance. For S corporations and C corporations, see Question 5
- For non-profits, see Questions 6-7 of the guidance

Q: My small business is a seasonal business. How do I calculate the maximum loan amount for my seasonal business? *(updated on April 28)*

- A seasonal business can calculate the PPP maximum loan amount in one of two ways
- The first method is to determine the maximum loan amount as the average total monthly payments for payroll using the 12-week period beginning either February 15, 2019 or March 1, 2019 (at your election) and ending June 30, 2019
- The second method is to determine the maximum loan amount as the average total monthly payments for payroll during any consecutive 12-week period between May 1, 2019 and September 15, 2019

Q: What time period should I use to determine the number of employees and payroll costs to calculate the maximum loan amounts for my business? *(updated on April 7)*

- In general, you can calculate their aggregate payroll costs using data either from the previous 12 months or from calendar year 2019
- If you are a seasonal business, see the question above
- If you were not in business from February 15, 2019 to June 30, 2019, you may use the average monthly payroll costs for the period January 1, 2020 through February 29, 2020
- You may use your average employment over the same time periods to determine your number of employees, for the purposes of applying an employee-based size standard
- Alternatively, you may elect to use SBA's usual calculation: the average number of employees per pay period in the 12 completed calendar months prior to the date of the loan application (or the average number of employees for each of the pay periods that the business has been operational, if it has not been operational for 12 months)

Q: How are taxes treated in the payroll costs calculation? *(updated on April 7)*

- Payments for health insurance, state and local taxes are included
- Federal employment taxes are excluded
- For example, an employee who earned $4,000 per month in gross wages, from which $500 in federal taxes was withheld, would count as $4,000 in payroll costs. The employee would receive $3,500, and $500 would be paid to the federal government. However, the employer-side federal payroll taxes imposed on the $4,000 in wages are excluded from payroll costs under the CARES Act

Q: Does the cost of a housing stipend or allowance provided to an employee as part of compensation count toward payroll costs? *(updated on April 24)*

- Yes. Payroll costs includes all cash compensation paid to employees, subject to the $100,000 annual compensation per employee limitation

Paycheck Protection Program Loan Forgiveness

Q: Can my PPP loan be forgiven in whole or in part? (*updated on June 17*)
- You will be eligible for loan forgiveness up to the full principal amount of the loan and any accrued interest. The actual amount of loan forgiveness will depend (in part) on the total amount spent over the applicable "covered period: (either 8 weeks or 24-weeks as discussed below) beginning on the date your PPP loan is disbursed on:
  - — payroll costs including salary, wages, and tips, up to $100,000 of annualized pay per employee (for 24 weeks, a maximum of $46,154 per individual, or for eight weeks, a maximum of $15,385 per individual)
  - — covered benefits for employees (but not owners), including health care expenses, retirement contributions, and state taxes imposed on employee payroll paid by the employer (such as unemployment insurance premiums)
  - — owner compensation replacement, calculated based on 2019 net profit, with forgiveness of such amounts limited to eight weeks' worth (8/52) of 2019 net profit (up to $15,385) for an 8-week covered period or 2.5 months' worth (2.5/12) of 2019 net profit (up to $20,833) for a 24-week covered period, but excluding any qualified sick leave equivalent amount for which a tax credit is claimed
  - — interest payment on any mortgage incurred prior to February 15 to the extent deductible on Form 1040
  - — Schedule C (but not any prepayment or payment of principal)
  - — payment of rent on any lease in force prior to February 15 to the extent they are deductible on Form 1040 Schedule C, and
  - — payment on any utility of electricity, gas, water, transportation, telephone, or internet access for which service began before February 15 to the extent they are deductible on Form 1040 Schedule C
- You will not be responsible for any loan payment if you use all of the loan proceeds for the above forgivable purposes and employee and compensation levels are maintained or, if not, an applicable safe harbor applies
- However, to receive full loan forgiveness, you must use at least 60% of the PPP loan for payroll costs, and not more than 40% of the loan forgiveness amount may be attributable to nonpayroll costs
- If you do not use at least 60% of the PPP loan for payroll costs, you will be eligible for partial loan forgiveness
- You will have to document the proceeds used for payroll costs in order to determine the amount of forgiveness

Q: What is the loan forgiveness covered period? (*updated on June 11*)
- If your PPP loan was made after June 5, 2020, your loan forgiveness covered period is the 24-week period beginning on the date your PPP loan is disbursed
- If your PPP loan was made before June 5, 2020, you may elect to have your loan forgiveness covered period be either the 8-week period or 24-week period beginning on the date your PPP loan was disbursed
- In other words, you will owe money when your loan is due if you use the loan proceeds for anything other than payroll costs, mortgage interest, rent, and utilities payments over the 24 weeks (or 8 weeks) after getting the loan

Q: Are advance payments of interest on mortgage obligations eligible for loan forgiveness? (*updated on May 22*)
- No. Advance payments of interest on a covered mortgage obligation are not eligible for loan forgiveness
- Principal on mortgage obligations is not eligible for forgiveness under any circumstances

Q: How do I request loan forgiveness? (*updated on June 17*)
- If you are a borrower that meets one of the below qualifications, you should submit a Form EZ loan forgiveness application, which requires fewer calculations and less documentation. You should simultaneously review the instructions to fill out the Form EZ application. For this application, you must be one of the following:
  - — Self-employed individual, independent contractor or sole proprietor who had no employees at time of PPP loan application and did not include any employee salaries to calculate average monthly payroll
  - — A borrower that did not reduce salaries or wages of their employees by more than 25% during the covered period as compared to period between January 1, 2020 and March 31, 2020, and did not reduce the number or hours of their employees between January 1, 2020 and the end of the covered period
  - — A borrower that experienced reductions in business activity as a result of health directives related to COVID-19, and did not reduce the salaries or wages of their employees by more than 25%

- If you do not meet the above qualifications to submit a Form EZ, you must complete and submit the full Loan Forgiveness Application to your lender that serviced your loan. You should simultaneously review the instructions to fill out the full application
- As a general matter, your lender will review the application and make a decision regarding loan forgiveness within 60 days of receipt of a complete application to issue a decision to SBA

Q: How is the loan forgiveness decision made? (*updated on May 22*)

- If, after you submit a complete application, your lender determines that you are entitled to forgiveness of some or all of the amount you applied for, your lender must request payment from SBA
- SBA will, subject to any SBA review of the loan or loan application, remit the appropriate forgiveness amount to your lender, plus any interest accrued through the date of payment, within 90 days after your lender issues its decision to SBA
- If SBA determines in the course of its review that you were ineligible for the PPP loan based on the provisions of the CARES Act, SBA rules or guidance available at the time of your loan application, or the terms of your PPP loan application (for example, because you lacked an adequate basis for the certifications made), the loan will not be eligible for loan forgiveness
- If only a portion of the loan is forgiven, or if the forgiveness request is denied, you must repay any remaining balance due on the loan on or before the maturity of the loan

Q: When must payroll costs be incurred and/or paid to be eligible for forgiveness? (*updated on June 17*)

- In general, payroll costs paid or incurred during the applicable "covered period" (either 8 weeks or 24 weeks) are eligible for forgiveness
- You may seek forgiveness for payroll costs for the applicable "covered period" beginning on either the date of disbursement of the loan or the first day of the first payroll cycle during the 24-week (or 8-week) period
- Payroll costs are considered incurred on the day that paychecks are distributed or you originate an ACH credit transaction
- Payroll costs incurred during your last pay period of the applicable period of time are eligible for forgiveness if paid on or before the next regular payroll date; otherwise, payroll costs must be paid during the applicable period to be eligible for forgiveness
- Payroll costs are generally incurred on the day the employee's pay is earned (i.e., on the day the employee worked)
- For employees who are not performing work but are still on your payroll, payroll costs are incurred based on the schedule that you have established (typically, each day that the employee would have performed work)

Q: Are salary, wages, or commission payments to furloughed employees; bonuses; or hazard pay during the applicable period eligible for loan forgiveness? (*updated on May 22*)

- Yes. If you pay furloughed employees their salary, wages, or commissions during the covered period, those payments are eligible for forgiveness as long as they do not exceed an annual salary of $100,000, as prorated for the applicable period

Q: When must non-payroll costs be incurred and/or paid to be eligible for forgiveness? (*updated on June 17*)

- A non-payroll cost is eligible for forgiveness if it was either paid during the 24-week (or 8-week) period beginning on the date of disbursement of the loan or incurred during that period and paid on or before the next regular billing date, even if the billing date is after that 24-week (or 8-week) period

Q: Are there reductions in forgiveness based on layoffs and wage reductions? (*updated on June 17*)

- As discussed in more detail below, your loan forgiveness will generally be reduced if you decrease your full-time employee headcount or if you decrease salaries and wages by more than 25% for any employee that made less than $100,000 annualized in 2019
- However, if you qualify for the safe harbors described below, your loan forgiveness will not be reduced

Q: What effect does a reduction in employees' salary or wages have on my loan forgiveness amount? (*updated on June 17*)

- A reduction in an employee's salary or wages in excess of 25% will generally result in a reduction in the loan forgiveness amount, unless an exception applies
- Specifically, for each new employee in 2020 and each existing employee who was not paid more than the annualized equivalent of $100,000 in any pay period in 2019, you must reduce the total forgiveness amount by the total dollar amount of the salary or wage reductions that are in excess of 25% of base salary or wages between January 1, 2020 and March 31, 2020 (the reference period), subject to exceptions for borrowers who restore reduced wages or salaries (see below)
- This reduction calculation is performed on a per employee basis, not in the aggregate
- However, if you qualify for the safe harbors described below, your loan forgiveness will not be reduced

Q*: What if I have already reduced my workforce? Can I still get loan forgiveness?* (*updated on June 17*)

- Yes. You are exempt from the reduction in loan forgiveness based on a reduction in FTE employees (described above) if either of the following safe harbors applies:
  - — In good faith, you are able to document that you were unable to operate between February 15, 2020, and the end of the 24-week (or 8-week) covered period at the same level of business activity as before February 15, 2020, due to compliance with federal government requirements established or guidance issued between March 1, 2020 and December 31, 2020, related to the maintenance of standards for sanitation, social distancing, or any other worker or customer safety requirement related to COVID-19; or
  - — you reduced your FTE employee levels in the period from February 15, 2020 through April 26, 2020, and you then restored your FTE employee levels by no later than December 31, 2020 to your FTE employee levels in your pay period that included February 15, 2020

Q: Will my loan forgiveness amount be reduced if I laid-off or reduced the hours of an employee, then offered to rehire the same employee for the same salary and same number of hours, or restore the reduction in hours, but the employee declined the offer? (*updated on May 22*)

- No. Employees whom you offered to rehire are generally exempt from the loan forgiveness reduction calculation
- This exemption is also available if you previously reduced the hours of an employee and offered to restore the employee's hours at the same salary or wages
- Specifically, in calculating the loan forgiveness amount, you may exclude any reduction in full-time equivalent employee headcount that is attributable to an individual employee if you satisfy the following five conditions:
  1. You made a good faith, written offer to rehire such employee (or, if applicable, restore the reduced hours of such employee) during the applicable period
  2. The offer was for the same salary or wages and same number of hours as earned by such employee in the last pay period prior to the separation or reduction in hours
  3. The employee rejected the offer
  4. You maintained records documenting the offer and its rejection
  5. You informed the applicable state unemployment insurance office of such employee's rejected offer of reemployment within 30 days of the employee's rejection of the offer

Q: What effect does a reduction in your number of full-time equivalent (FTE) employees have on my loan forgiveness amount? (*updated on May 22*)

- An FTE employee means an employee who works 40 hours or more, on average, each week
- In general, a reduction in FTE employees during the applicable period reduces the loan forgiveness amount by the same percentage as the percentage reduction in FTE employees
- You must first select a reference period: (i) February 15, 2019 through June 30, 2019; (ii) January 1, 2020 through February 29, 2020; or (iii) in the case of a seasonal employer, either of the two preceding methods or a consecutive 12-week period between May 1, 2019 and September 15, 2019
- If the average number of FTE employees during the applicable period is less than during the above reference period, the total eligible expenses available for forgiveness is reduced proportionally by the percentage reduction in FTE employees
- For example, if you had 10 FTE employees during the reference period and this declined to 8 FTE employees during the applicable period, the percentage of FTE employees declined by 20%. Therefore, only 80% of otherwise eligible expenses are available for forgiveness

Q: How should I calculate my number of full-time equivalent (FTE) employees? (*updated on May 22*)

- To seek loan forgiveness, you must document your average number of FTE employees during the applicable period and your selected reference period (see above)
- For purposes of this calculation, you must divide the average number of hours paid for each employee per week by 40, capping this quotient at 1
- For example, an employee who was paid 48 hours per week during the applicable period would be considered to be an FTE employee of 1
- For employees who were paid for less than 40 hours per week, you may choose to calculate the full-time equivalency in one of two ways:
  - First, you may calculate the average number of hours a part-time employee was paid per week during the applicable period. For example, if an employee was paid for 30 hours per week on average during the applicable period, the employee could be considered to be an FTE employee of 0.75. Similarly, if an employee was paid for ten hours per week on average during the applicable period, the employee could be considered to be an FTE employee of 0.25
  - Second, you may elect to use a full-time equivalency of 0.5 for each part-time employee
- You may select only one of these two methods, and must apply that method consistently to all of your part-time employees for the applicable period and the selected reference period
- In either case, you must provide the aggregate total of FTE employees for both the selected reference period and the applicable period by adding together all of the employee-level FTE employee calculations
- You must then divide the average FTE employees during the applicable period by the average FTE employees during the selected reference period, resulting in the reduction quotient

Q: Do independent contractors count as employees for purposes of loan forgiveness?

- No, independent contractors have the ability to apply for a PPP loan on their own so they do not count for purposes of any of your business's loan forgiveness

Q: How should I account for the reduction based on a reduction in the number of employees relative to the reduction relating to salary and wages? (*updated on May 22*)

- To ensure that you are not doubly penalized, the salary/wage reduction applies only to the portion of the decline in employee salary and wages that is not attributable to the FTE reduction
- For example, assume an hourly wage employee had been working 40 hours per week during the selected reference period (FTE employee of 1) and you reduced the employee's hours to 20 hours per week during the applicable period (FTE employee of 0.5). There was no change to the employee's hourly wage during the applicable period. Because the hourly wage did not change, the reduction in the employee's total wages is entirely attributable to the FTE employee reduction and you are not required to conduct a salary/wage reduction calculation for that employee

Q: Will my loan forgiveness amount be reduced if an employee is fired for cause, voluntarily resigns, or voluntarily requests a schedule reduction? (*updated on May 22*)

- No. When an employee is fired for cause, voluntarily resigns, or voluntarily requests a reduced schedule during the applicable period (FTE reduction event), you may count such employee at the same full-time equivalency level before the FTE reduction event when calculating the FTE employee reduction penalty
- You must maintain records demonstrating that each such employee was fired for cause, voluntarily resigned, or voluntarily requested a schedule reduction, and you must provide such documentation upon request

Goldman Sachs

As of June 17, 2020

Economic Injury Disaster Loans and Emergency Economic Injury Grants

Q: Am I eligible for an EIDL?

- Your business must have been in operation on January 31, 2020 and have suffered economic injury due to COVID-19, as long as you meet one of the below conditions:
  - You are a small business with 500 or fewer employees, including businesses, cooperatives, ESOPs, tribal small business concerns, and small agricultural cooperatives;
  - You are a business with more than 500 employees that meets the applicable size standard for SBA based on industry;
  - You are a sole proprietorship or independent contractor
  - You are a private nonprofit (of any size)

Q: What can an EIDL be used for?

- EIDLs are available to pay for expenses that could have been met had the COVID-19 pandemic not occurred, including:
  - Payroll costs, including paid sick leave to employees;
  - Increased costs due to supply chain interruptions;
  - Rent or mortgage payments; and
  - Obligations that cannot be met due to revenue losses

Q: What are the key terms?

- The key terms of an EIDL include:
  - Up to $2 million loan amount;
  - Interest rate of 3.75% annually for small businesses and 2.75% annually for non-profits;
  - Up to 30-year loan term;
  - Requires personal guarantee for loan amounts above $200,000; and
  - Submission of tax returns is not required

Q: If I apply for an EIDL, am I also eligible for a loan under the PPP?

- Businesses can apply for, and receive, both EIDLs and PPP loans but the loan proceeds cannot be used for the same purpose
  - *What this means*: If you use EIDL proceeds to cover payroll for certain workers in April, you cannot use PPP loan proceeds for payroll for those same workers in April, although you could use PPP loan proceeds for payroll in March or for different workers in April

Q: What are other key things to know about EIDLs?

- Under the CARES Act, EIDL provisions have been expanded:
  - EIDLs can be approved by the SBA **based solely on an applicant's credit score**;
  - EIDLs of **less than $200,000** can be approved without a personal guarantee;
  - The SBA is not requiring real estate collateral and will take a general security interest in business property; and
  - Businesses need not have been in business for the one-year period prior to the COVID-19 pandemic
- If you applied for an EIDL prior to the COVID-19 national emergency declaration, you may have been denied because your specific geographic area was not yet eligible. You can now re-apply for an EIDL.

Q: What is an EIDL Grant?

- An emergency cash advance that may be requested during the EIDL application process ($1,000 per employee but capped at $10,000)
- The EIDL Grant does not need to be repaid, even if the application for the EIDL is denied
- As noted above, if a borrower obtains both an EIDL Grant and a PPP loan, the EIDL Grant will be reduced from the amount of forgiveness under the PPP loan

Q: Who is eligible for an EIDL Grant?

- Anyone who is eligible to apply for an EIDL, retroactive to January 31, 2020 to allow those who have already applied for EIDLs to also receive the EIDL Grant

Q: Where do I apply?

- The SBA is currently accepting applications online. Click here to apply through December 31, 2020
- SBA resource partners are available to help guide you through the EIDL application process. Find the nearest Small Business Development Center, Women's Business Center, or SCORE mentorship chapter at https://www.sba.gov/localassistance/find/

Q: What are the key differences between EIDL and PPP?

	EIDL	**PPP**
Eligibility	Small businesses and non-profits of any size	Small businesses and non-profits with <500 employees
Loan Size Determination	Based on applicant FICO score, revenue and expenses	Expense-based (2.5x monthly payroll, with certification)
Maximum Size	$2mm	$10mm
Lender	Direct from SBA	Eligible Lenders
Interest Rate	3.75% for for-profits 2.75% for non-profits	1%
Term	30 Years	5 Years
Relief	Advance grant of $10,000 after three days for all eligible applicants	24 weeks of forgiveness if used for payroll costs, and other operating expenses
Collateral / Personal Guarantee	Personal guarantee required above for loan size above $200,000	None required

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