

## ***Government Loan Program - Good news for Small Businesses***

While there are many details to work out, we just wanted to give our customers some info on the government's Paycheck Protection Program as we understand it. The government has a very generous loan program to help small businesses get back on their feet that is in the process of passing. We recommend speaking to your accountant and your bank early next week for more details about this to see how you can take advantage of this program. Over the coming days more information about this will be available on line as well.

Some Highlights:

### **I. How much can I borrow?**

Through your bank the government will lend you 250% of the monthly average of your last 12 months payroll.

- The loan cannot exceed 10 Million.
- All employees who earn over 100K/year count only as 100K. If an employee earns 125K then you cannot use the 25K in your calculation. For example.
- If you have 10 employees earning 75K and two employees earning 150K you can borrow 197.9K  $(750K+200K)/12=79.17K \times 250%=197.9K$ .

### **II. Who is eligible?**

Any small business with under 500 employees that was in business in February 2020 and had a payroll. So almost everyone.

### **III. What can the loan proceeds be used for?**

You can use the benefits for anything, and the loan will need to be paid back with no higher than a 4% interest rate with payments that do not start for at least 6 months. However, if you use the proceeds for payroll and rent over the first 8 week period, you will be eligible for loan forgiveness. You will be eligible for 100% loan forgiveness if you do not reduce the number of employees and total payroll dollars. If you have laid off employees you will still be eligible for loan forgiveness when you hire them back. If you reduce payroll dollars or head count the amount of the loan to be forgiven will be prorated.

### **IV. What should I do now?**

We recommend the following:

- Speak to your bank as soon as possible.
- Speak to your accountant as soon as possible.
- Get your last 12 months payroll records and tax returns together as PDFs as soon as possible so they can be emailed to your banker.