

The SBA's Paycheck Protection Program was included in the CARES Act federal stimulus package. It is designed to keep employees on payroll and allow your business to pay essential expenses during the crisis.

On Tuesday, March 31, the SBA and Treasury Department released details on the Paycheck Protection Program and how it will work. Based on this information, Pinnacle is planning to begin taking and processing applications as soon as the SBA will allow.

Applications open Friday, April 3 for small businesses and sole proprietorships. Applications for independent contractors and self-employed individuals open Friday, April 10.

Your Pinnacle financial advisor is best equipped to help you see how this SBA program fits into your overall needs and help you apply. Below you will find all the information you need before you start that conversation.

Here's what you need to know.

- **Paycheck Protection Program loans are forgivable as long as you meet the conditions:**

- ∞ Loan proceeds must be used to cover payroll costs including benefits, most mortgage interest,

rent and utility costs over the eight-week period after the loan is made

- Mortgage obligations, lease agreements and utility service must have been in place

before February 15, 2020, in order to be eligible • Employee and compensation levels are maintained

- **Loan amounts will be:**

- Up to two months of your average monthly payroll costs from the last year, plus 25% of that total

- All loans capped at \$10 million

- Payroll costs will be capped at \$100,000 annualized for each employee
- Seasonable and new businesses will use different time periods for this calculation
- **All loan terms will be the same for everyone:**
 - 0.5% interest rate
 - 6 months of deferred payments, though interest will accrue over this period
 - 2 year maturity
 - No prepayment penalties or fees
 - No collateral required
 - No personal guarantee required
- **There is a funding cap.**
 - The program is authorized for \$349 billion nationwide. Though the application will be open until June 30, the money is unlikely to last until then.

- Work with your primary bank to submit your application soon after it opens on Friday, April 3, or April 10 for independent contractors and the self-employed.

SBA Payroll Protection Program Preliminary Document Checklist

The application for the Payroll Protection Program has not yet been developed, and even the SBA requirements are still to be determined. However, we expect the requirements and documentation to be similar to existing SBA programs, and Pinnacle financial advisors are experienced with the typical SBA processes.

Based on the intent of the loan program and the help it will provide, we recommend you start collecting this information and documentation now so you will be ready to apply. When the application becomes available, this will help us take action immediately. If you need help collecting this information, reach out to your financial advisor. Depending on when you last worked with us, we may have some of it on file.

Needed to help you calculate the eligible loan amount:

- Payroll reports for 2019 and 2020 year to date showing the following broken down by employee and/or officers:
 - Gross wages
 - Paid time off
 - Paid vacation
 - Pay for family medical leave
 - State and local taxes (form 940, 941 or 944)
 - 1099s for independent contractors (if applicable)
- Completed 2019 tax return OR 2019 Profit and Loss Report and Balance Sheet
- Filed 2018 Business Tax Return
- Documentation showing:
 - Funds received in the form of an Economic Injury Disaster Loan since Jan. 31, 2020, if any
 - Payments for group health care benefits including premiums paid in 2019 to 2020 year to date
 - Payment of any retirement benefits paid in 2019 and 2020 year to date

Needed for verification of forgiveness amount:

- Quarterly IRS forms 940, 941 or 944 for the following dates:
 - March 31, 2019 and June 30, 2019
 - March 31, 2020 and June 30, 2020, when available
- Documentation in the form of canceled checks, payment receipts and bank statements showing payment of the following items from Feb. 15, 2020 to June 30, 2020:
 - Mortgage Interest
 - Rent payments
 - Utilities