HAPCO

Serving Philadelphia's Investment & Rental Property Community

Paycheck Protection Program

The Paycheck Protection Loan Program covers the period February 15, 2020 through June 30, 2020. The loan program will allow businesses suffering due to the coronavirus outbreak to borrow money for a variety of qualified costs related to employee compensation and benefits, including payroll costs, mortgage interest obligations, rent, continuation of health care benefits, employee compensation (of those making less than $100K), and utilities incurred before the covered period.

The legislation greatly expands the number of businesses, including individuals who operate as a sole proprietor, or independent contractor (including non-profits). The loans are fully guaranteed by the federal government through December 31, 2020 and are generally limited to the lessor of the average monthly payroll costs for the 1 year period ending on the date the loan was made (an alternative calculation is available for seasonal employers) multiplied by 2.5 or up to $10 million.

The loans will have a maximum maturity of 10 years and in interest rate not to exceed 4%. In addition, the standard fees imposed under section 7 of the Small Business Act are waived, and no personal guarantee is required by the business owner.

The CARES Act calls for a portion of the above-mentioned paycheck protection loans to be forgiven on a tax-free basis. Amounts to be considered for forgiveness is the sum of payments that were made by the borrower that are considered qualified costs, during the 8-week period following the date of the loan. The loan forgiveness cannot exceed the principal.

Please find this link to the US Chamber of Commerce and its guide and checklist. https://www.uschamber.com/sites/default/files/023595_comm_corona_virus_smallbiz_loan_final_revised.pdf