



Main Street Lending: Introduction to the Paycheck Protection Program

One of the most notable parts of the CARES Act is the opportunity for loan forgiveness through the Paycheck Protection Program. What is it? How much can I get? Is it all “free?” How do I apply? To help you separate fact from fiction, we wanted to touch upon a few key pieces of the new legislation.

Title I of the larger Coronavirus Aid, Relief, and Economic Security (“CARES”) Act is called the Keeping American Workers Paid and Employed Act. It creates a new program administered by the Small Business Administration (SBA) to provide relief to small businesses. Title I provides 100% government-guaranteed loans to small businesses that need help paying regular operating expenses. The program has an emphasis on keeping and retaining payroll levels during and after this crisis. Perhaps one of the most intriguing and advantageous incentives included in this program is the potential for loan forgiveness if certain criteria are met (more on that in a bit!).

Who Qualifies for the Paycheck Protection Program?

- The program targets small businesses with 500 employees or fewer, self-employed individuals, certain nonprofit organizations, veterans’ organizations, and tribal business concerns.
- Borrowers do NOT need to demonstrate actual economic harm from the coronavirus. Rather a series of good-faith certifications are required instead.

How Much and for How Long?

The maximum loan amount is the lesser of 2.5 times your average monthly payroll or \$10 million. Loan forgiveness potential is dependent on several factors. Borrowers are eligible for forgiveness of loan proceeds spent during the 8-week period beginning with the date of the loan origination. These expenses must be spent on payroll expenses, mortgage interest, rent, or utilities to qualify for forgiveness. Loan forgiveness is reduced if the business reduces its workforce during the eight weeks following funding as compared to February 15, 2019 – June 30, 2019, OR between January 1, 2020, and February 29, 2020 (whichever period results in a more favorable ratio). Gross income for tax purposes will not include the loan forgiveness amount. Any amount not forgiven can be amortized up to 10 years with a maximum interest rate of 4%. Loan payments may be deferred from 6 months up to 1 year.

How to Apply

The CARES Act itself does not provide details on actual application requirements, processes, or timelines. These terms will be provided by the Secretary of the Treasury within 10 days of the passing of the CARES Act. Carr, Riggs & Ingram will provide these details as soon as they are available. However, we do know loans are facilitated through currently approved SBA lenders (along with fast-tracked new approved lenders).

Next Steps

Not sure if the Paycheck Protection Program would be useful for your business? [Contact your CRI representative](#) to learn more about how to navigate this program along with other relief solutions available during this challenging and uncertain time.

For more information please contact:



Ryan Francis

Business Development Executive, Northwest Florida
Carr, Riggs & Ingram, LLC
500 Grand Boulevard
Suite 210
Miramar Beach, FL 32550
Mobile: 850-502-3074
rfrancis@cricpa.com

During this time of uncertainty, CRI is ready to help and offer support. Check out our [COVID-19 resources page](#) to stay abreast of recent changes, remote work tips and tricks, and a handful of other helpful content.