

# Maximizing Paycheck Protection Program Loan Forgiveness

## Fact Sheet

Updated April 11, 2020



### 1 Remember the loan forgiveness rules:

- Borrowers are eligible for loan forgiveness equal to the amount the borrower spent during the eight-week period, beginning on the date the loan originated.
- Not more than 25% of the forgiven amount may be for non-payroll costs.
- The following items qualify for loan forgiveness:
  - » Payroll costs, including benefits.
  - » Interest on mortgage obligations incurred before February 15, 2020.
  - » Rent under lease agreements in force before February 15, 2020.
  - » Utility costs—including electricity, gas, water, transportation, telephone and internet.

### 2 Understand how the loan forgiveness amount could be reduced:

- The amount of loan forgiveness will be reduced if there is a reduction in the number of employees or a reduction of greater than 25% in wages paid to employees.
- Employment or wage reductions occurring between February 15, 2020 and 30 days following passage of the CARES Act will not reduce the amount of loan forgiveness—if by June 30, 2020 the borrower eliminates the reduction in employees or reduction in wages.

### 3 Do what you can to ensure maximum loan forgiveness:

- Follow the specific guidelines provided to you by your lender.
- If your lender did not provide you with guidelines, we recommend adhering to one of the following options:
  - » Set up a separate bank account and use the account to pay qualified expenses.
  - » Set up a separate balance sheet account in your accounting system to track qualified expenses.