



Paycheck Protection Program (PPP)

Funder Organization: Bank funded, guaranteed by the Small Business Administration (SBA)

Program URL: <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program-ppp>

Type of Fund: SBA 100% Guaranteed Loan

Target Audience or Geography: United States (all areas)

Program Launch: On April 3, 2020, small businesses were able to apply for and receive PPP loans to cover their payroll and certain other expenses through participating bank and non-bank lenders.

On Wednesday, April 3, 2020 SBA released interim guidance for the program: <https://www.sba.gov/document/policy-guidance--ppp-interim-final-rule>

On Tuesday, April 14, 2020 SBA released additional interim guidance for the program: <https://www.sba.gov/document/policy-guidance--ppp-interim-final-rule-additional-eligibility-criteria-requirements-certain-pledges-loans>

On Tuesday, May 6, 2022 The Department of Treasury released Paycheck Protection Program Frequently Asked Questions(FAQ): <https://home.treasury.gov/system/files/136/Paycheck-Protection-Program-Frequently-Asked-Questions.pdf>

On June 12, 2020 SBA released additional interim guidance for the program regarding Flexibility Act of 2020 with regard to the covered period, forgiveness, a longer loan maturity date, and the Safe Harbor: <https://home.treasury.gov/system/files/136/PPP-IFR--Additional-Revisions-to-First-Interim-Final-Rule.pdf>

On June 16, 2020 the Department of Treasury released a revised Paycheck Protection Program Loan Forgiveness Application. <https://home.treasury.gov/system/files/136/3245-0407-SBA-Form-3508-PPP-Forgiveness-Application.pdf>

Brief Program Description

The program period is February 15, 2020 – December 31, 2020. SBA will not approve or issue PPP numbers (indicating SBA approval) after August 8, 2020.

On March 27, 2020, the Paycheck Protection Program (“PPP”) authorized up to \$349 billion in forgivable loans to small businesses to pay their employees during the COVID-19 crisis. On April 24, 2020 an additional \$310 billion in funding was provided for the PPP.

Lenders: (see Application Submittal Process shown below) originate the PPP loan directly to the borrower and this loan is 100% guaranteed by SBA. The borrower does not pay any fees.

General Guidelines for Determining PPP Loan Amount (*Sole Proprietorship and Self-Employed filing a Schedule C please refer to pages 6 - 8 below of this document):

- Step 1: Aggregate payroll costs from the last twelve months for employees whose principal place of residence is the United States.
- Step 2: Subtract any compensation paid to an employee in excess of an annual salary of \$100,000 and/or any amounts paid to an independent contractor or sole proprietor.
- Step 3: Calculate average monthly payroll costs (divide the amount from Step 2 by 12).
- Step 4: Multiply the average monthly payroll costs from Step 3 by 2.5.
- Step 5: Add the outstanding amount of an Economic Injury Disaster Loan (EIDL) made between January 31, 2020 and April 3, 2020, less the amount of any “advance” under an EIDL COVID-19 loan (because the “advance” does not have to be repaid).

New businesses: The period shall be determined using average payroll costs from January 1, 2020 and ending February 29, 2020, and multiply the total by 2.5.

Eligibility Requirements

Business must have been in operation as of February 15, 2020 and have paid taxes on employees (or by the independent contractors).

- A small business with fewer than 500 employees.
- A small business that otherwise meets the SBA’s size standard.
- A 501(c)(3) not-for-profit charitable organization with fewer than 500 employees.
- An individual who operates as a sole proprietor.
- An individual who operates as an independent contractor.
- An individual who is self-employed who regularly carries on any trade or business.
- A Tribal business concern that meets the SBA size standard.
- A 501(c) (19) Veterans Organization that meets the SBA size standard.
- For a business in the hospitality, accommodation or food services sector (click [HERE](#) for NAICS code 72 to confirm), the 500-employee rule is applied on a per physical location basis.
- A business operating as a franchise in the SBA’s Franchise Directory (click [HERE](#) to check).

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- For a business receiving financial assistance from an approved Small Business Investment Company licensed by the SBA, the normal affiliation rules do not apply.
- The United States is the principal place of residence for all employees included in the Applicant's payroll calculation

OR if the business has no more than 500 employees per physical location **AND** if the business has an NAICS code beginning with '72' at the time of the eligible period.

Businesses in certain industries can have more than 500 employees if they meet applicable SBA employee-based size standards for those industries (click [HERE](#) for additional detail).

The Cares Act defines "employee" as individuals employed on a full-time, part-time, or other basis. — HR 748 Cares Act Page 9 - Sec 1102 (D)(v).

Ineligibility Restrictions

- Businesses engaged in illegal activity under federal, state or local law. (Cannabis warning).
- A household employer (you have a nanny, staff, etc.)
- Any previous defaults on a federal loan in last 7 years.
- Some businesses may not be eligible businesses as determined by SBA.

Use of Funds

- Payroll costs.
- Costs related to the continuation of group health care benefits for illness, medical or family leave, and insurance premiums.
- Employee salaries, commission, or similar compensation.
- Payments of interest on short-term and long-term debt incurred before February 15, 2020.
- Rent including rent under a lease agreement in force before February 15, 2020.
- Utilities including telephone and internet access, for which service began before February 15, 2020.
- Interest on any other debt obligations that were incurred before February 15, 2020.
- Refinancing an SBA EIDL loan made between January 31, 2020 and April 3, 2020.

Determining Payroll:

The sum of payments of any compensation with respect to employees that is a:

- Salary, wage, commission, or similar compensation.
- Payment of cash tip or equivalent.
- Payment for vacation, parental, family, medical, or sick leave.
- Allowance for dismissal or separation.
- Payment required for the provisions of group health care benefits, including insurance premiums.
- Payment of any retirement benefit.
- Payment of state or local tax assessed on the compensation of the employee.

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Excluded Payroll Costs:

- Compensation of an individual employee in excess of an annual salary of \$100,000, as prorated for the period.
- Federal employment taxes imposed or withheld during the covered period under chapters 21, 22, or 24 of the Internal Revenue Code of 1986 (Ref: Cares Act, HR. 748, p7, Sec 1102,(a)(viii)(II)(bb)
- Payroll costs do not include the employer's share of FICA (Federal Insurance Contributions Act - IRS Chapter 21) (Ref:PPP FAQs p.5, Q.#16)
- Employer's share of railroad retirement taxes (IRS Chapter 22)
- Income tax withholding at Source on Wages (IRS Chapter 24)
- Any compensation of an employee whose principal place of residence is outside of the United States.
- Qualified sick leave wages for which a credit is allowed under section 7001 of the Families First Coronavirus Response Act (Public Law 116– 5 127); or qualified family leave wages for which a credit is allowed under section 7003 of the Families First Coronavirus Response Act.
- Do not count independent contractors as employees for purposes of PPP loan calculations. Independent contractors have the ability to apply for a PPP loan on their own.

Interest Rates: 1.0%

Loan Term: 2 years to a minimum of 5 years. PPP loans that originated prior to June 5, 2020 were approved using a 2 year term. PPP loans that originated on or after June 5, 2020 will have a 5 year term. PPP loans that were approved with a 2 year term may be modified to a 5 year with the mutual agreement of the borrower and the lender.

Collateral Requirements: None (unsecured)

Loan Program Payment Deferment (if any): The deferral period now extends until the forgiveness amount is remitted to the lender by SBA or 10 months after the end of the 24 week period. Interest continues to accrue during the deferment period.

Covered Period: 24 weeks. The Flexibility Act (Act) increased the Covered Period to 24 weeks for all new PPP loans originated on or after June 5, 2020. PPP loans originated prior to June 5, 2020 were provided an 8 week Covered Period, however, this Act allows the borrower, if they so choose, to select 24 weeks as the Covered Period rather than the 8 weeks for PPP loans approved prior to June 5, 2020. If the business has a bi-weekly or less payroll period, the business can opt to use an "Alternative Payroll Covered Period" rather than the "standard" Covered Period.

Forgiveness Terms (please see pages 8 - 11 for in-depth terms, conditions, and instructions): The amount of loan forgiveness can be up to the full principal amount of the loan plus accrued interest. The actual amount of loan forgiveness will depend, in part, on the total amount spent over the covered period

If a borrower fails to apply for forgiveness for an eligible loan within 10 months after the last day of the covered period, installment payments will begin.

At least 60% of the forgiven amount must have been used for payroll costs

Forgiveness is also based on the employer maintaining or quickly rehiring employees and maintaining salary levels. Forgiveness can be reduced if full-time equivalent headcount declines, or if salaries and wages decrease by more than 25%. The new Safe Harbor rules are shown on page 11 of this document.

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To request loan forgiveness a business can submit a request to the lender that is servicing the loan. The request will include documents that verify the number of full-time equivalent employees and pay rates, as well as the payments on eligible mortgage interest, rent or lease, and utility obligations. A business must certify that the documents are true and that it used the forgiveness amount to keep employees and make eligible mortgage interest, rent, and utility payments. The lender must make a decision on the forgiveness within 60 days of receiving all required financial information from the borrower, appropriate documentation, and the borrower's certifications. Once the lender approves the Forgiveness Application, the lender forwards the forgiveness documentation to SBA and SBA has up to 90 days to remit the funds to the lender.

Personal Guarantee: No personal guarantee requirement. ***However, if the proceeds are used for fraudulent purposes, the U.S. government will pursue criminal charges against you.***

Loan Program Interaction: If a business received an EIDL loan related to COVID-19 between January 31, 2020 and April 3, 2020, the business can apply for a PPP loan. If the EIDL loan was not used for payroll costs, it does not affect the businesses eligibility for a PPP loan. If the EIDL loan was used for payroll costs, the PPP loan must be used to refinance the EIDL loan. Proceeds from any advance up to \$10,000 on the EIDL loan will be deducted from the loan forgiveness amount on the PPP loan.

Sole Proprietorship and Self-Employed (filing a Schedule C)

Please see pages 6 - 8 of this document.

Application Submittal Process: Contact a bank, credit union, or lender that participates in the SBA 7a loan program. Start with the financial institution where you have an existing banking relationship.

Required Forms and Documentation: Businesses will likely be required to submit the following to the lender: SBA Form 2483 (Paycheck Protection Program Application) and payroll documentation as is necessary required by lenders to establish eligibility.

Borrowers Required to Provide "Good Faith Certifications" to Lenders Attesting:

1. The uncertainty of current economic conditions makes the loan request necessary to support ongoing operations.
2. The borrower will use the loan proceeds to retain workers and maintain payroll or make mortgage, lease, and utility payments.
3. Borrower does not have an application pending for a loan duplicative of the purpose and amounts applied for here.
4. From Feb. 15, 2020 to Dec. 31, 2020, the borrower has not received a loan duplicative of the purpose and amounts applied for here (Note: There is an opportunity to fold emergency loans made between Jan. 31, 2020 and the date this loan program becomes available into a new loan).

SBA Program Information Page:

<https://www.sba.gov/funding-programs/loans/paycheck-protection-program-ppp>

Additional URLs:

US Treasury PPP Borrower Info Fact Sheet

<https://home.treasury.gov/system/files/136/PPP%20Borrower%20Information%20Fact%20Sheet.pdf>

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Program Forms:

PPP Borrower Loan Application Form

<https://home.treasury.gov/system/files/136/Paycheck-Protection-Program-Application-3-30-2020-v3.pdf>

PPP Loan Forgiveness Application:

<https://home.treasury.gov/system/files/136/3245-0407-SBA-Form-3508-PPP-Forgiveness-Application.pdf>

Additional URLs:

U.S. Treasury PPP Program Information Website

<https://home.treasury.gov/policy-issues/cares/assistance-for-small-businesses>

Additional Information

Businesses will be required to submit to the lender documentation as is necessary to establish eligibility such as payroll processor records, payroll tax filings, or Form 1099-MISC along with your most recent IRS Form 941- Employer's Quarterly Federal Income Tax Return.

For borrowers that do not have any such documentation, the borrower must provide other supporting documentation, such as bank records, sufficient to demonstrate the qualifying payroll amount.

Sole Proprietorships will be required to submit SBA Form 2483 along with income and expenses.

In addition to the bank and SBA application materials, we recommend that the business owner prepares the following supporting information:

1. Company prepared year-end 2019 profit & loss statement along with a December 31, 2019 balance sheet.
2. Current year-to-date 2020 financials (P&L and Balance Sheet) for the business.
3. A spreadsheet that details the prior 12 months of payroll costs, as defined in the Brief Program Description shown above.
4. A spreadsheet that indicates which employees/owners, if any, earn in excess of \$100,000 along with the amount of the wage/salary/commission.

Guidelines for Sole Proprietorship and Self-Employed (filing a Schedule C) for Determining PPP Loan Amount

You are eligible for a PPP loan if: (i) you were in operation on February 15, 2020; (ii) you are an individual with self-employment income (such as an independent contractor or a sole proprietor); (iii) your principal place of residence is in the United States; and (iv) you filed or will file a Form 1040 Schedule C for 2019. In addition, you should be aware that participation in the PPP may affect your eligibility for state administered unemployment compensation or unemployment assistance programs.

How do I calculate the maximum amount I can borrow and what documentation is required?

How you calculate your maximum loan amount depends upon whether or not you employ other individuals. If you have no employees, the following methodology should be used to calculate your maximum loan amount:

- Step 1: Find your 2019 IRS Form 1040 Schedule C line 31 net profit amount (if you have not yet filed a 2019 return, fill it out and compute the value). If this amount is over \$100,000, reduce it to \$100,000. If this amount is zero or less, you are not eligible for a PPP loan.
- Step 2: Calculate the average monthly net profit amount (divide the amount from Step 1 by 12).
- Step 3: Multiply the average monthly net profit amount from Step 2 by 2.5.
- Step 4: Add the outstanding amount of any Economic Injury Disaster Loan (EIDL) made between January 31, 2020 and April 3, 2020 that you seek to refinance, less the amount of any advance under an EIDL COVID-19 loan (because it does not have to be repaid).

Regardless of whether you have filed a 2019 tax return with the IRS, you must provide the 2019 Form 1040 Schedule C with your PPP loan application to substantiate the applied-for PPP loan amount and a 2019 IRS Form 1099-MISC detailing nonemployee compensation received (box 7), invoice, bank statement, or book of record that establishes you are self-employed. You must provide a 2020 invoice, bank statement, or book of record to establish you were in operation on or around February 15, 2020.

*SBA indicates that self-employment income from between January 1, 2020 and February 14, 2020 may not be considered in the PPP calculation because of the lack of “verifiable documentation” on expenses in this period. SBA will issue additional guidance for those individuals with self-employment income who: (i) were not in operation in 2019 but who were in operation on February 15, 2020, and (ii) will file a Form 1040 Schedule C for 2020.

If you have employees, the following methodology should be used to calculate your maximum loan amount:

- Step 1: Compute 2019 payroll by adding the following:
 - a. Your 2019 Form 1040 Schedule C line 31 net profit amount (if you have not yet filed a 2019 return, fill it out and compute the value), up to \$100,000 annualized, if this amount is over \$100,000, reduce it to \$100,000, if this amount is less than zero, set this amount at zero;
 - b. 2019 gross wages and tips paid to your employees whose principal place of residence is in the United States computed using 2019 IRS Form 941 Taxable Medicare wages & tips (line 5c- column 1) from each quarter plus any pre-tax employee contributions for health insurance or other fringe benefits excluded from Taxable Medicare wages & tips; subtract any amounts paid to any individual employee in excess of \$100,000 annualized and any amounts paid to any employee whose principal place of residence is outside the United States; and
 - c. 2019 employer health insurance contributions (health insurance component of Form 1040 Schedule C line 14), retirement contributions (Form 1040 Schedule C line 19), and state and local taxes assessed on employee compensation (primarily under state laws commonly referred to as the State Unemployment Tax Act or SUTA from state quarterly wage reporting forms).
- Step 2: Calculate the average monthly amount (divide the amount from Step 1 by 12).
- Step 3: Multiply the average monthly amount from Step 2 by 2.5.

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Step 4: Add the outstanding amount of any EIDL made between January 31, 2020 and April 3, 2020 that you seek to refinance, less the amount of any advance under an EIDL COVID-19 loan (because it does not have to be repaid).

You must supply your 2019 Form 1040 Schedule C, Form 941 (or other tax forms or equivalent payroll processor records containing similar information) and state quarterly wage unemployment insurance tax reporting forms from each quarter in 2019 or equivalent payroll processor records, along with evidence of any retirement and health insurance contributions, if applicable. A payroll statement or similar documentation from the pay period that covered February 15, 2020 must be provided to establish you were in operation on February 15, 2020.

Loan Forgiveness (Sole Proprietorship and Self-Employed)

The amount of loan forgiveness can be up to the full principal amount of the PPP loan plus accrued interest. 60 percent of the amount forgiven must be attributable to payroll costs. The actual amount of loan forgiveness will depend, in part, on the total amount spent over the Covered Period or Alternative Covered Period.

Forgiveness Applications and Instructions:

On June 17, 2020, the SBA provided two new forgiveness applications along with detailed instructions.

- PPP Loan Forgiveness EZ Application (SBA Form 3508EZ) and Instructions
- PPP Loan Forgiveness Application Revised June 16, 2020 (SBA Form 3508) and Instructions

Available here: <https://home.treasury.gov/policy-issues/cares/assistance-for-small-businesses>

PPP Loan Forgiveness EZ Application Key Information:

The borrower can apply for forgiveness of the Paycheck Protection Program (PPP) loan using the SBA Form 3508EZ if the borrower can meet at least one of the three criteria below.

- The borrower is a self-employed individual, independent contractor, or sole proprietor who had no employees at the time of the PPP loan application and did not include any employee salaries in the computation of average monthly payroll in the Borrower Application Form (SBA Form 2483).
- The borrower did not reduce annual salary or hourly wages of any employee by more than 25 percent during the Covered Period or the Alternative Payroll Covered Period (as defined below) compared to the period between January 1, 2020 and March 31, 2020 (for purposes of this statement, “employees” means only those employees that did not receive, during any single period during 2019, wages or salary at an annualized rate of pay in an amount more than \$100,000); **AND** the Borrower did not reduce the number of employees or the average paid hours of employees between January 1, 2020 and the end of the Covered Period. (Ignore reductions that arose from an inability to rehire individuals who were employees on February 15, 2020 if the Borrower was unable to hire similarly qualified employees for unfilled positions on or before December 31, 2020. Also ignore reductions in an employee’s hours that the borrower offered to restore and the employee refused. See 85 FR 33004, 33007 (June 1, 2020) for more details.

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- The borrower did not reduce annual salary or hourly wages of any employee by more than 25 percent during the Covered Period or the Alternative Payroll Covered Period compared to the period between January 1, 2020 and March 31, 2020 (for purposes of this statement, “employees” means only those employees that did not receive, during any single period during 2019, wages or salary at an annualized rate of pay in an amount more than \$100,000); **AND** the borrower was unable to operate during the Covered Period at the same level of business activity as before February 15, 2020, due to compliance with requirements established or guidance issued between March 1, 2020 and December 31, 2020 by the Secretary of Health and Human Services, the Director of the Centers for Disease Control and Prevention, or the Occupational Safety and Health Administration, related to the maintenance of standards of sanitation, social distancing, or any other work or customer safety requirement related to COVID-19.

PPP Loan Forgiveness Application Key Information:

Borrowers are eligible for loan forgiveness for the following costs:

- Eligible payroll costs. Borrowers are generally eligible for forgiveness for the payroll costs paid and payroll costs incurred during the 24-week (168-day) or 8-week (56-day) Covered Period (or Alternative Payroll Covered Period) (“payroll costs”). Payroll costs are considered paid on the day that paychecks are distributed or the borrower originates an ACH credit transaction. Payroll costs are considered incurred on the day that the employee’s pay is earned. Payroll costs incurred but not paid during the borrower’s last pay period of the Covered Period (or Alternative Payroll Covered Period) are eligible for forgiveness if paid on or before the next regular payroll date. Otherwise, payroll costs must be paid during the Covered Period (or Alternative Payroll Covered Period). For each individual employee, the total amount of cash compensation eligible for forgiveness may not exceed an annual salary of \$100,000, as prorated for the Covered Period. Count payroll costs that were both paid and incurred only once. For information on what qualifies as payroll costs, see Interim Final Rule on Paycheck Protection Program posted on April 2, 2020 (85 FR 20811) (as amended by the Revisions to First Interim Final Rule, posted on June 11, 2020). Include only payroll costs for employees whose principal place of residence is in the United States.
- Eligible non payroll costs. Non payroll costs eligible for forgiveness consist of: (a) covered mortgage obligations: payments of mortgage interest (not including any prepayment or payment of principal) on any business mortgage obligation on real or personal property incurred before February 15, 2020 (“business mortgage interest payments”); (b) covered rent obligations: business rent or lease payments pursuant to lease agreements for real or personal property in force before February 15, 2020 (“business rent or lease payments”); and (c) covered utility payments: business payments for a service for the distribution of electricity, gas, water, telephone, transportation, or internet access for which service began before February 15, 2020 (“business utility payments”). An eligible non payroll cost must be paid during the Covered Period or incurred during the Covered Period and paid on or before the next regular billing date, even if the billing date is after the Covered Period. Eligible non payroll costs cannot exceed 40% of the total forgiveness amount. Count non payroll costs that were both paid and incurred only once.
- For each individual employee, the total amount of cash compensation eligible for forgiveness may not exceed an annual salary of \$100,000, as prorated for the Covered Period. For an 8-week Covered Period, that total is \$15,385. For a 24-week Covered Period, that total is \$46,154.

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Average FTE Calculation: This calculates the average full-time equivalency (FTE) during the Covered Period or the Alternative Payroll Covered Period. For each employee, enter the average number of hours paid per week, divide by 40, and round the total to the nearest tenth. The maximum for each employee is capped at 1.0. A simplified method that assigns a 1.0 for employees who work 40 hours or more per week and 0.5 for employees who work fewer hours may be used at the election of the borrower.

FTE Reduction Calculation: This calculation will be used to determine whether the borrower's loan forgiveness amount must be reduced due to a statutory requirement concerning reductions in full-time equivalent employees. Borrowers are eligible for loan forgiveness for certain expenditures during the Covered Period or the Alternative Payroll Covered Period. However, the actual loan forgiveness amount that the borrower will receive may be less, depending on whether the borrower's average weekly number of FTE employees during the Covered Period or the Alternative Payroll Covered Period was less than during the borrower's chosen reference period.

Enter the borrower's total average weekly full-time equivalency (FTE) during the chosen reference period. For purposes of this calculation, the reference period is, at the borrower's election, either (i) February 15, 2019 to June 30, 2019; (ii) January 1, 2020 to February 29, 2020; or (iii) in the case of seasonal employers, either of the preceding periods or any consecutive 12-week period between May 1, 2019 and September 15, 2019. For each employee, follow the same method that was used to calculate Average FTE on the PPP Schedule A Worksheet.

FTE Reduction Exceptions: Indicate the FTE of (1) any positions for which the Borrower made a good-faith, written offer to rehire an individual who was an employee on February 15, 2020 and the borrower was unable to hire similarly qualified employees for unfilled positions on or before December 31, 2020; (2) any positions for which the borrower made a good-faith, written offer to restore any reduction in hours, at the same salary or wages, during the Covered Period or the Alternative Covered Period and the employee rejected the offer, and (3) any employees who during the Covered Period or the Alternative Payroll Covered Period (a) were fired for cause, (b) voluntarily resigned, or (c) voluntarily requested and received a reduction of their hours. In all of these cases, include these FTEs on this line only if the position was not filled by a new employee. Any FTE reductions in these cases do not reduce the borrower's loan forgiveness.

The borrower is exempt from such a reduction if either of the FTE Reduction Safe Harbors applies. See the FTE Reduction Safe Harbor instructions below.

Salary/Hourly Wage Reduction: This calculation will be used to determine whether the borrower's loan forgiveness amount must be reduced due to a statutory requirement concerning reductions in employee salary and wages. Borrowers are eligible for loan forgiveness for certain expenditures during the Covered Period or the Alternative Payroll Covered Period.

The actual amount of loan forgiveness the borrower will receive may be less, depending on whether the salary or hourly wages of certain employees during the Covered Period or the Alternative Payroll Covered Period was less than during the period from January 1, 2020 to March 31, 2020. If the borrower restored salary/hourly wage levels, the borrower may be eligible for elimination of the Salary/Hourly Wage Reduction amount. Borrowers must complete the worksheet to determine whether to reduce the amount of loan forgiveness for which they are eligible. Complete the Salary/Hour Wage Reduction column only for employees whose salaries or hourly wages were reduced by more than 25% during the Covered Period or the Alternative Payroll Covered Period as compared to the period of January 1, 2020 through March 31, 2020.

FTE Reduction Safe Harbors: Two separate safe harbors exempt certain borrowers from any loan forgiveness reduction based on a reduction in FTE employee levels:

- The borrower is exempt from the reduction in loan forgiveness based on a reduction in FTE employees described above if the borrower, in good faith, is able to document that it was unable to operate between February 15, 2020, and the end of the Covered Period at the same level of business activity as before February 15, 2020, due to compliance with requirements established or guidance issued between March 1, 2020 and December 31, 2020, by the Secretary of Health and Human Services, the Director of the Centers for Disease Control and Prevention, or the Occupational Safety and Health Administration, related to the maintenance of standards for sanitation, social distancing, or any other worker or customer safety requirement related to COVID-19.
- The borrower is exempt from the reduction in loan forgiveness based on a reduction in FTE employees described above if both of the following conditions are met: (a) the borrower reduced its FTE employee levels in the period beginning February 15, 2020, and ending April 26, 2020; and (b) the borrower then restored its FTE employee levels by not later than December 31, 2020 to its FTE employee levels in the borrower's pay period that included February 15, 2020.

INFO DOC Summary Created by: **Eric Lind**
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