

Navigating the COVID-19 Crisis: PPP CARES Act Loans

What You Need to Know About the Latest Changes, Loan Forgiveness and What's Coming Next

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The State of Funding

Loan Count	Net Dollars	Lender Count
5,005,261	\$519,505,881,228	5,458

Amount of Funds Remaining: \$130,096,258,496

Loans by Loan Size

Loan Size	Loan Count	Net Dollars	% of Count	% of Amount
\$50K and Under	3,380,772	\$60,125,452,743	67.5%	11.6%
>\$50K - \$100K	676,556	\$48,168,785,076	13.5%	9.3%
>\$100K - \$150K	291,673	\$35,700,297,609	5.8%	6.9%
>\$150K - \$350K	375,631	\$84,304,078,038	7.5%	16.2%
>\$350K - \$1M	198,810	\$113,068,370,469	4.0%	21.8%
>\$1M - \$2M	52,977	\$73,534,430,250	1.1%	14.2%
>\$2M - \$5M	24,165	\$71,922,829,101	0.5%	13.8%
>\$5M	4,677	\$32,681,637,943	0.1%	6.3%

*** Overall average loan size is: \$104K.**

Loans by NAICS Industry Sector

NAICS Sector Description	Loan Count	Net Dollars	% of Amount
Health Care and Social Assistance	516,495	\$67,103,739,655	12.92%
Professional, Scientific, and Technical Services	654,344	\$66,203,641,832	12.74%
Construction	477,478	\$64,463,185,787	12.41%
Manufacturing	232,871	\$53,822,176,226	10.36%
Accommodation and Food Services	373,689	\$42,109,312,313	8.11%
Retail Trade	458,069	\$40,252,744,511	7.75%
Other Services (except Public Administration)	551,024	\$31,089,124,615	5.98%
Wholesale Trade	169,588	\$27,447,873,150	5.28%
Administrative and Support and Waste Management and Remediation Services	246,671	\$26,253,321,001	5.05%
Transportation and Warehousing	207,271	\$17,116,788,852	3.29%
Real Estate and Rental and Leasing	252,483	\$15,537,613,259	2.99%
Finance and Insurance	172,896	\$12,037,265,378	2.32%

Overview of Updates

- May 22 SBA and Treasury Releases Two New Interim Final Rules
- June 5 The Paycheck Protection Program (“PPP”) Flexibility Act
- June 8 Joint Statement Issued by U.S. Treasury Secretary Steven Mnuchin and SBA Administrator Jovita Carranza
- June 11 SBA Issues Seventeenth Interim Final Rule
- June 26 SBA Issues Twentieth Interim Final Rule
- July 4 Paycheck Protection Program Extended to August 8, 2020
- July 6 SBA and Treasury Release Detailed and Searchable Information Regarding PPP Borrowers

May 22, 2020 – Interim Final Rules

- First rule covered loan forgiveness:
 - Payment to furloughed employees, bonuses and hazard pay may be included in “payroll costs.”
 - Salary/wage reduction applies only to the portion of the decline in employee salary/wages not attributable to the FTE reduction.
- Second rule reiterated that the SBA may review any PPP Loan in its discretion.



The Flexibility Act: Update Highlights

- Extension of PPP Application Deadline
- Extension of Covered Period
- Change in Required Use of Proceeds
- Extension of Safe Harbor Period
- Extension of Payment Deferral
- Extension to Maturity Date

Extension of PPP Application Deadline

- The Flexibility Act initially extended the deadline to December 30, 2020.
- Seventeenth Interim Final Rule backpedaled on this and stated SBA would not accept applications beyond June 30, 2020.
- On July 4, 2020, President Trump signed into law a bill extending the PPP application deadline from June 30 to August 8.

Extension of Covered Period

- Prior to the Flexibility Act, PPP borrowers could apply for loan forgiveness for amounts spent during the 8-week period following funding.
- The Covered Period has been extended to 24 weeks after the date of disbursement.

Change in Payroll Use Threshold

- Prior to the Flexibility Act, PPP borrowers were required to utilize at least 75% of the PPP loan proceeds for “Payroll Costs.”
- The Flexibility Act has relaxed this requirement and reduced the minimum payroll percentage to 60%.
- Threshold is to be interpreted as a “proportional limit.”

Extension of Payment Safe Harbor Period for Forgiveness

- Prior to the Flexibility Act, PPP borrowers had until June 30 to eliminate reduction in employee headcount, salary and wages.
- The Flexibility Act extended this safe harbor period to December 31, 2020.
- The act further provides an additional safe harbor for employers who can document:
 - Inability to hire the same or similarly qualified individuals, or
 - Inability to return to the same level of business activity seen prior to February 15, 2020.

Extension of Payment Deferral Period

- Prior to the Flexibility Act, principal and interest payments on a PPP loan were deferred for 6 months following the funding date.
- The Flexibility Act extends the deferral period to the “date on which the amount of forgiveness determined under Section 1006 of the CARES Act is remitted by the lender.”
- 10-month grace period for borrowers who fail to apply.

Extension of Loan Maturity

- The Flexibility Act has extended the repayment term for the portion of PPP proceeds that are not forgiven from 2 years to 5 years.

Twentieth Interim Final Rule

- Revised fourteenth interim final rule: In addition to the \$20,833 salary cap for owner-employee who elect the 24-week covered period:
 - (i) C-corp owner/employees capped at 2019 employee cash compensation, plus employer retirement and health insurance contributions made on their behalf, and
 - (ii) S-corp owner/employees capped at 2019 employee cash compensation, plus employer retirement contributions made on their behalf
- SBA has yet to define the term “owner-employer.”

Borrower Details Released

- On July 6, the SBA and Treasury released detailed information regarding more than 650,000 borrowers.
- Details not released on loans below \$150,000, but totals for such loans have been provided by zip code, industry and business type.
- Borrower loan amounts listed by range:
 - \$150k-\$350k
 - \$350k-\$1M
 - \$1M-\$2M
 - \$2M-\$5M
 - \$5M-\$10M



Additional Updates

- SBA recently clarified borrowers may apply for forgiveness at any time on or before maturity of the loan.
 - Includes prior to the end of the applicable covered period if proceeds have been used.
- Potential new coronavirus relief package is on the horizon.

Questions?



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Navigating the COVID-19 Crisis:

How Recent Court Decisions & COVID-19 Impact
Your Commercial Property Taxes

August 4, 2020 | 1:00 - 2:00pm EST

Speakers: Brendan Lynch & Jacqueline Bozzuto



COVID-19 Resources

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