

Application for the Paycheck Protection Program Loan Under the CARES Act

Legal Alert

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The Department of Treasury has released a proposed application for the recently approved SBA Paycheck Protection Program loans, as well as supplemental information for borrowers and lenders, all available on its website. The guidance provides that small businesses and sole proprietorships can start applying on April 3, 2020, and independent contractors and self-employed individuals can apply starting April 10, 2020. All applications will be made through existing SBA Section 7(a) lenders or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating. A list of participating lenders is available at www.sba.gov.

The guidance provides that at least 75% of the amount to be forgiven must be used for *payroll costs* (including salaries, wages, commissions, tips, payroll taxes, health insurance premiums), with the balance for interest on mortgages, rent and utilities. All loans will bear interest at an annual rate of .5% and will be for a 2-year term. Loan payments will be deferred for 6 months, no fees will be charged for the loans, and no collateral or personal guarantees will be required. All loan terms will be the same for everyone. Note also that payroll costs are capped at \$100,000 on an annualized basis for each employee.

For quick access to the Department of Treasury's proposed paycheck protection program application, click [here](#). However, you should check with your lender to determine whether it will accept the Treasury Department's proposed application, whether it will use a different application and what information it will require to be submitted.

For more information presented in this alert, please contact Tami Bogutz Steinberg, Stephen Greenberg, or any member of Flaster Greenberg's Business & Corporate Department.

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