



SBA Issues Additional Guidance and an Updated Application Form for the Paycheck Protection Program under the CARES Act

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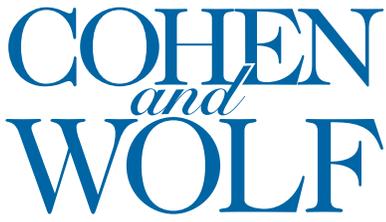
By: David M. Morosan

On April 2, 2020 the Small Business Administration (“SBA”) issued an interim final rule containing additional guidance for the Paycheck Protection Program (“PPP Loans”) under the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”).

The SBA’s guidance and interim rule (which can be found [here](#)) answered a number of questions related to the PPP Loan program, and also changed some of the terms of the PPP Loans. Some of the major changes include:

1. The interest rate for the PPP Loans is now 1.0%, and the term of the PPP Loans will be 2 years.
2. Payments to independent contractors cannot be included in a business’s payroll costs when determining the amount of the PPP Loan for which a business is eligible.
3. The SBA issued a new application form for the PPP Loan program, which replaces the application form that the SBA released earlier in the week. The new application form can be found [here](#).
4. Not more than 25% of the proceeds of a PPP Loan may be used for non-payroll costs.
5. Independent contractors do not count as employees for purposes of calculating the amount of a PPP Loan that can be forgiven.

It is expected that the SBA will continue to issue further guidance and rule making on the PPP Loan program. We will continue to provide updates as details become available.



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