

SBA ISSUES FURTHER GUIDANCE ON PAYCHECK PROTECTION PROGRAM

On the night of April 2, 2020, the SBA issued additional guidance with respect to the Paycheck Protection Program. The guidelines, referred to as the Interim Final Rule, can be found [here](#). While the Rule reiterates many of the things we previously [reported on](#), here are some of the key new takeaways:

- Borrowers SHOULD NOT include payments to independent contractors for purposes of calculating the borrower's payroll costs. The initial legislation was [ambiguous](#) on this issue.
- Loans will be provided on a first-come, first-served basis.
- The interest rate will be 1%. Prior guidelines stated that the interest rate would be 0.5%.
- In addition to principal, interest can be forgiven. It was previously believed that only the principal balance of the loan could be forgiven.
- The SBA confirmed that 75% of the loan must be used for payroll costs for the entire loan to be forgivable. This means that 25% of the loan can be used for other eligible purposes.
- The SBA confirmed that this [is the application](#) that borrowers should complete. This is not the same application form that we previously [wrote about](#). Borrowers should include with their application documentation to support their calculation of the payroll costs.

O'Neil, Cannon, Hollman, DeJong & Laing remains open and ready to help you. For questions or further information relating to the Paycheck Protection Program, please speak to your regular OCHDL contact, or the author of this article, attorney [Jason Scoby](#).