Critical Update to CARES Act Paycheck Protection Program

Client Alert

4.01.20

By: Thomas J. Denitzio Jr., Jack Fersko and Lydia C. Stefanowicz

We continue to monitor the Small Business Administration (SBA) website for updates to the Paycheck Protection Program and loan forgiveness provisions of the CARES Act. As a supplement to our March 30, 2020 Client Alert on this topic, the SBA has announced that lenders may begin to process loan applications as soon as April 3, 2020.

The newly announced SBA guidance states as follows:

> Funds are provided in the form of loans that will be fully forgiven when used for payroll costs, interest on mortgages, rent, and utilities (due to likely high subscription, at least 75% of the forgiven amount must have been used for payroll). Loan payments will also be deferred for six months. No collateral or personal guarantees are required. Neither the government nor lenders will charge small businesses any fees.

The SBA guidance does reflect several clarifications. All loans will have the following features:

- The loan term will be two (2) years
- The interest rate will be 0.5%

A sample application form can be accessed at: Sample Application Form.

We will continue to monitor developments from the SBA and keep you informed.

Related Attorneys

Thomas J. Denitzio Jr.

Of Counsel

732.476.2610

Email

Jack Fersko

Partner

732.476.3354

Email

Lydia C. Stefanowicz

Of Counsel

732.476.3330

Email