

On Friday, a \$2 trillion stimulus package known as the Coronavirus Aid, Relief and Economic Security Act (CARES Act) created the Paycheck Protection Program. The purpose of the Paycheck Protection Program is to help you retain your employees at their current base pay. If you keep all of your employees, the entirety of the loan will be forgiven. The amount of the loan can be up to 250% of 8 weeks of payroll wages that apply to any timeframe beginning February 15, 2020 to June 30, 2020. The intent of the stimulus package is to keep employees on the payroll. If you need to lay off employees, then you are still entitled to some relief based on:

- Scenario 1: The loan forgiveness will be reduced by the percent decrease in the number of employees that were laid off. For example, if you employ 10 employees and lay off 2 of them, the forgivable portion is 80% and you will owe a loan balance of 20%. If you have already laid off some employees, you can still be forgiven for the full amount of your payroll cost if you rehire your employees by June 30, 2020.
- Scenario 2: If your total payroll expenses on workers making less than \$100,000 annually decreases by more than 25 percent, loan forgiveness will be reduced by the same amount. For example, if you reduce all employee wages down to 60% of their normal wage (employees whose income is greater than \$100,000 annually are excluded from calculation), the forgivable portion is 60% and you will owe a loan balance of 40%.

**Eligibility:** The Paycheck Protection Program is generally limited to businesses with 500 or fewer employees. There is an exemption for businesses in the accommodation and food services industry with more than one physical location with no more than 500 employees at each location with a North American Industry Classification System Code beginning with 72. Unfortunately for those members who have more than 500 employees, you do not qualify for the stimulus package.

**Timing:** Applicants are eligible to apply for the Paycheck Protection Program loan until June 30th, 2020.

**Where to apply for the Paycheck Protection Program:** You can apply for the Paycheck Protection Program (PPP) at any lending institution that is approved to participate in the program through the existing U.S. Small Business Administration (SBA) 7(a) lending program and additional lenders approved by the Department of Treasury. This could be the bank you already use or a nearby bank. There are thousands of banks that already participate in the SBA's lending programs, including numerous community banks. If your business does not have a current lending relationship with an SBA lender, the following links list the top SBA lenders in [Nebraska](#) and [Iowa](#).

#### **Loan Amount**

The new law allows businesses to take out loans equal to 2.5 times their average monthly payroll based on 2019 wages for up to 8 weeks. It should include salary and wages, healthcare benefits and paid sick leave. Any loan balance that is not forgiven will have a capped interest rate of 4%.

As information is being researched and shared, *Inc. Magazine* in conjunction with the U.S. Chamber of Commerce, created this helpful [webinar](#) for you. Additionally, EDA, along with Rex Collins, Partner at

HBK CPAs & Consultants will be hosting a live webinar on Wednesday that is open to all INEDA members. You can [register here](#) for this event.

If there is anything else we can do to assist you, please don't hesitate to email [myself](#), [Tom Junge](#), [Mark Othmer](#) or [Will Rogers](#). We will continue to keep you apprised as relevant information and events become available.

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