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MISSOURI Restaurant News

NEWS AND INFORMATION

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The U.S. Treasury Department (Treasury) released, on March 31, 2020, the much-anticipated application for the Small Business Administration (SBA) §7(a) Paycheck Protection Program (PPP) loans. For many small businesses, the PPP loans are the centerpiece of the Coronavirus Aid, Relief, and Economic Security (CARES) Act signed into law on March 27.

All PPP loan terms will be the same for all borrowers:

- 0.50% fixed interest rate
- Maturity of two years
- All payments deferred for six months; however, interest will accrue during this period
- No collateral or personal guaranty required
- No loan fees or prepayment penalty

The loan amount is 2.5 times average monthly payroll costs, up to a maximum of \$10 million. Payroll costs include:

- Salaries, tips, commissions
- Employee benefits (including health insurance and retirement benefits)

Expenses eligible to be paid with loan proceeds include:

- Payroll costs (as described above)
- Mortgage interest, under mortgages in effect as of February 15, 2020
- Rent, under leases in effect as of February 15, 2020
- Utilities, for which service began before February 15, 2020

PPP loans are eligible for full or partial forgiveness under certain circumstances. The amount forgiven cannot exceed the original loan amount, or the amount spent on qualified expenses, during the eight-week period beginning on the origination date of your loan. You should speak to your attorney, CPA, and/or lender about the loan-forgiveness provisions of the CARES Act.

The **Treasury** has more information about the PPP on its website, including:

- **[SBA Paycheck Protection Loan Application §7\(a\)](#)**
- **[SBA Paycheck Protection Loan Information Sheet §7\(a\)](#)**
- **[SBA Paycheck Protection Program Overview §7\(a\)](#)**

PPP lenders will begin accepting applications on Friday, April 3. If your financial institution is an SBA lender, MRA recommends you contact them first, although that is not required. For your convenience, MRA obtained a list of SBA lenders in **Eastern & Central Missouri** and **Western Missouri & Eastern Kansas**. MRA recommends sending all required loan information to your lender by April 3 because of the anticipated demand for the loans.

Those considering a PPP loan should seek to understand the loan forgiveness calculation fully; however, don't lose sight of the loan terms. They are quite favorable: interest at 0.50%, two years to repay, deferred payments for six months, no collateral or personal guaranty, no loan fees or prepayment penalty.



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