# COVID-19 Impact on the Construction Industry: PPP Loan Forgiveness Part II – Q&A

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# Discussion Topics



- FAQ #44 – Employee Count
- Interim Final Rule (IFR) on Loan Forgiveness
- Interim Final Rule (IFR) on Loan Review Procedures
- Question and Answer Session

# Overview of Most Recent Posted Interim Final Rules (IFR)

# IFR – Loan Forgiveness

- Process to Obtain Loan Forgiveness
- Incurred/Paid
- Eligible Payroll Costs
  - Compensation to Furloughed Employees
  - Bonuses
  - Hazard Pay
- Caps on <u>Owner-Employee</u> and Self-Employed Comp

# IFR – Loan Forgiveness (Cont'd)

- Nonpayroll Costs
  - Paid or Incurred and Paid = more than 2 months
  - Advance Payments
- Reductions to Loan Forgiveness
  - FTE Quotient
  - Salaries and Wages Reductions
- Documentation Requirements

# IFR – Review Procedures

- SBA Review of Individual PPP Loans
  - Eligibility
  - Loan Amounts and Use of Proceeds
  - Forgiveness Amounts

# IFR – Review Procedures (Cont'd)

- Loan Forgiveness Process for Lenders
  - Confirm Receipt of Certifications
  - Confirm Receipt of Required Documentation
  - Confirm Borrowers Calculations
  - Confirm Calculation on Line 10 (75% PR Costs)
- Calculations are Responsibility of Borrower
- Lender to Perform Good-Faith Review

# Forgiveness Application Recap

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# Forgiveness Calculation per SBA

## Forgiveness Amount Calculation:

- Payroll and Non-payroll Costs
  - Line 1. Payroll Costs (enter the amount from PPP Schedule A, line 10): ________________________
  - Line 2. Business Mortgage Interest Payments: ________________________
  - Line 3. Business Rent or Lease Payments: ________________________
  - Line 4. Business Utility Payments: ________________________

# Forgiveness Calculation

- Adjustments for Full-Time Equivalency (FTE) and Salary/Hourly Wage Reductions
  - Line 5. Total Salary/Hourly Wage Reduction
    (enter the amount from PPP Schedule A, line 3): ____________________
  - Line 6. Add the amounts on lines 1, 2, 3, and 4,
    then subtract the amount entered in line 5: ____________________
  - Line 7. FTE Reduction Quotient
    (enter the number from PPP Schedule A, line 13): ____________________

# Forgiveness Calculation

- Potential Forgiveness Amounts
  - Line 8. Modified Total (multiply line 6 by line 7): ____________________
  - Line 9. PPP Loan Amount: ____________________
  - Line 10. Payroll Cost 75% Requirement (divide line 1 by 0.75): ____________________
- Forgiveness Amount
  - Line 11. Forgiveness Amount (enter the smallest of lines 8, 9, and 10): ____________________

# Q&A

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# How CLA Can Help…

- General PPP loan consultation
- Consultation and a copy of our forgiveness tool
- Review your final PPP forgiveness application
- Prepare your forgiveness application
- Cash flow planning using CLA Intuition – Covid-19

# Resources

## Responding to COVID-19

Unforeseen disruptions — from the coronavirus (COVID-19) to natural disasters — can create many uncertainties. These resources can help you lay out a strategy to put your organization on its toes versus its heels.

SHARE

- Operational Support
- Regulatory and Tax Updates
- Inspirational and Leadership Tips
- Financial Management and Disaster Relief
- Accounting and Financial Statement Guidance
- Workforce, Human Resource, and Benefits Guidance

https://www.claconnect.com/COVID19

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