

Questions for SABA PPP loan presentation - May 11, 2020

1. When does the 8-week period commence for determination of how much, if any, of the PPP funds expended will be forgivable?

The eight-week period begins on the date the lender makes the first disbursement of the PPP loan proceeds to the borrower. The lender must make the first disbursement of the loan proceeds no later than ten calendar days from the date of the loan approval.

2. How does a PPP recipient apply to have the expended loan funds forgiven by the lender?

Your respective lender should provide info regarding this process. All lenders have 60 days from that date that you apply for forgiveness to decide whether or not you qualify.

3. Is there a deadline during which the PPP loan recipient must file to have the PPP loan forgiven?

I am not aware of any standard deadline; please refer to lender's process.

4. Is there a comprehensive list of expenditures which may be paid for with PPP funds and that would be potentially forgivable?

See qualified expenses per presentation slide 4, Step 1

5. If not all of the PPP funds are used, what should the recipient do with the excess funds? Return the excess to the lender?

Consider the post-eight week need for cash reserves. Current guidelines allow for a 6-month payment deferral.

6. Will payment of a bonus to employees be considered part of the expenditures that are forgiven?

The current guidance does not prevent an increase in pay in the form of short term pay increase, hazard pay or bonus. It is not clear why these forms of compensation were not listed within the definition of payroll. Recommendation is to consider increased pay or bonuses in the normal course of business. Document, Document, Document.

7. If so, can the full amount of the bonus be included, or only a pro rata portion equal to 8 weeks of an annual amount?

You would need to consider the nature of the bonus; how and when are bonuses typically given? Are bonuses tied to KPIs?

8. I received both PPP and \$10,000 EIDL. It's my understanding that the EIDL will be forgiven, and I can use those funds for any type of expenses (not just salaries and rent); is that correct?

The EIDL funds do allow for broader operating expenses; however, the EIDL grant will reduce the forgivable amount of your PPP Loan. You can not use the EIDL funds for the following:

- *Dividends and bonuses*
- *Disbursements to owners, unless for performance of services*
- *Repayment of stockholder/principal loans (with exceptions)*
- *Expansion of facilities or acquisition of fixed assets*
- *Repair or replacement of physical damages*
- *Refinancing long term debt*

9. How/When will I report how I spent the EIDL funds?
Covered period is from January 31, 2020 through December 31, 2020
10. If there is a second wave of the virus and we are sent back to shelter in place again, will the eight week date be extended?
No mention yet of extending this covered period; I know there are some legislators pushing to get this extended.
11. If some employees are not re-hired from furlough, can those monies be used to pay new employees who were hired during the disaster? The new employees were necessary because of a skill set needed that the furloughed employees did not have.
The current guidelines seem to take the stance on re-hiring your previously employed employees when calculating loan forgiveness. This is In the spirit of the loan; to keep your employees employed.
12. If commissions and bonuses are usual and customary and those amounts of money were included in the amount submitted upon application, can the PPP money be used to pay commissions and bonuses and be forgiven?
Commissions are included in the definition of qualified payroll costs. Regarding bonuses, refer to Answer for Q7. Keep in mind that compensation over \$100,000 (annualized) is excluded from qualified payroll costs.
13. If there were salary reductions during the disaster but there's enough PPP money left at the end of the eight weeks, can that money be used to make the employees whole (pay them the amount that was taken from their pay)?
In short, yes. You will need to consider the reduction in pay as part of your loan forgiveness calculation.