

The Paycheck Protection Program (“PPP”) included in the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”) became law on Friday, March 27, 2020. The PPP is designed to allow the Small Business Administration (“SBA”) to make loans through certified lenders to small businesses, 501(c)(3) nonprofit organizations, independent contractors and certain other entities. If used appropriately, these loans may become forgivable up to 100% of the principal amount borrowed. Although the SBA is not currently accepting new applications for the PPP, more funding may become available in the near future.

If your business received a loan through the PPP, it is important to utilize the proceeds for “covered costs”, i.e. payroll costs, rent, utilities, and interest. Pursuant to Section 1106 of the CARES Act, a recipient is eligible for forgiveness of indebtedness if the loan proceeds are used for covered costs within the 8 week period following receipt of funds. At least 75% of the loan proceeds must be spent on payroll costs to maximize loan forgiveness. Furthermore, in order to use any of the loan proceeds on rent, utilities or interest, those obligations must have existed prior to February 15, 2020. Importantly, for rental obligations, this means there was a lease in force before February 15, 2020.

If your business received funding through the PPP and require assistance in ensuring the proper use of those funds or you are interested in apply for a PPP loan, we can help. Please contact Attorney Tom MacNeely at [tmacneely@rjglaw.com](mailto:tmacneely@rjglaw.com) or Attorney Zachary Berger at [zberger@rjglaw.com](mailto:zberger@rjglaw.com) of our Real Estate Department to learn more about these services.