

COVID19 – TOP 10 FREQUENTLY ASKED QUESTIONS  
Correction to wording in #9 – Published 4/3/2020

1. Q: Where do I apply for a PPP (Payroll Protection Program) loan? Is it through the SBA website?

**A:** Borrowers interested in obtaining a PPP Loan should contact their representative at a bank registered to make SBA affiliated loans to complete the process. Visit [www.sba.gov](http://www.sba.gov) for a list of SBA lenders.

2. Q: How do I calculate the maximum loan amount I can secure?

**A:** The maximum loan amount is calculated based on average monthly payroll costs multiplied by a 2.5x factor with a maximum of \$10 million. Eligible payroll costs are capped at \$100k annualized for each employee. Please refer to the AGP Act Sec. 1102 Max Loan Calculator to provide an estimated max loan amount for your situation.

3. Q: I heard the loan can be forgiven? Are there any restrictions? How is this calculated?

**A:** Loan forgiveness is available if the loan proceeds are used for payroll costs, interest on a covered mortgage obligation, rent, utility payments over the 8-week period after obtaining a loan. Recently released guidance indicated the forgiveness is limited to 25% of non-payroll costs. Please refer to the AGP Act Sec. 1102 Loan Forgiveness Calculator to provide an estimated loan forgiveness amount for your situation.

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**Akron**

1540 West Market St.  
Akron, OH 44313  
P 330.867.7350  
F 330.867.8866

**Canton**

4740 Belpar St. NW, Ste. B  
Canton, OH 44718  
P 330.867.7350  
F 330.867.8866

**Cleveland**

25550 Chagrin Blvd., Ste. 401  
Beachwood, OH 44122  
P 216.674.3800  
F 216.674.3801

**Kent**

2275 OH-59  
Kent, OH 44240  
P 330.678.5203  
F 330.678.3593

4. Q: What factors will limit my loan forgiveness?

A: Besides using the loan proceeds for expenses other than mentioned above, the main factors that negatively impact loan forgiveness are reduction of staff and payroll. Reducing the number of employees or reducing employee salaries or wages will reduce the amount of forgiveness. Conversely, increasing the number of employees or salaries has no impact.

5. Q: We had to lay off several workers. Should I now re-hire them?

A: The answer is not straightforward. Your business and its economics should be the driver; not solely for the PPP loan. If you are closed down because you are not an essential business or your sales are minimal, hiring the workers may not improve your business cash flow. Consider whether retaining the funds as a low-cost loan would be more beneficial. If you expect sales to remain strong or rebound soon, you should consider rehiring the workers to maximize the loan forgiveness and maintain sufficient payroll costs to utilize the loan money over the next 8 weeks.

6. Q: What are the loan terms of the PPP loan if any portion of it is not forgiven?

A: The interest rate is 1.0% with no collateral or personal guarantees required. The term of the loan is 2 years with no prepayment penalty. Payments will be deferred for 6 months, while accruing interest.

7. Q: I'm an owner of multiple entities, is it one loan per company or owner?

A: Our current understanding is that loan applications should be made by each entity separately based on TIN. We are awaiting further guidance from the SBA. You should discuss this with your banker before applying.

8. Q: Are 1099s included in the payroll cost calculation?

**A: No, payments made to independent contractors on Form 1099 are not included in the payroll cost. The reference to 1099s on the calculators and on the banks' list of required information is to be used only by independent contractors and sole proprietors.**

9. Q: What payroll taxes and withholdings should be *excluded* in the calculation from the definition of payroll cost in calculating your maximum loan amount?

**A: Federal employment taxes imposed or withheld between February 15, 2020 and June 30, 2020, including the employee's and employer's share of FICA, and income taxes required to be withheld from employees.**

10. Q: Can Apple Growth Partners help me?

**A: AGP is ready and available to help assist. For example, AGP can help analyze the best course of action among the government programs for your business and calculations of maximum loan value and potential loan forgiveness.**

We can assist you in evaluating the alternatives including the payroll tax credits, payroll tax deferrals, financing, and loan forgiveness under the Families First Coronavirus Response Act (FFCRA) and under the Coronavirus Aid, Relief, and Economic Security Act (CARES) and in choosing an alternative to pursue. Please contact our team at [covid19@applegrowth.com](mailto:covid19@applegrowth.com) to let us know how we can help.