**QUESTIONS AND ANSWERS**

*Please note that the following Q&A fact sheet was generated from a webcast given on* ***Thursday April 2, 2020****. The laws are changing by the hour, so some of the information in this fact sheet may not be accurate as the rules for PPP may have changed in the interim. Also, we highly suggest that if you have any questions that you reach out to your trusted advisors for more guidance. It has been challenging trying to interpret the rules as they are written. The laws and rules related to PPP are very ambiguous. We have done our best to answer your questions below.*

Q. I furloughed most of my restaurant employees. I want to close on my PPP loan right before I open up my restaurant again so that the next 8 weeks will be full payroll and I can max out the forgiveness. Can I request a loan closing to fit my situation? ­

A. My recommendation would be to file now. Better to have a check in hand and decide what to do with it rather than no check at all. There is no guarantee that in eight weeks the funds will still be available. If you get the loan you could bring back your employees and pay them to stay home. This should help with retention and help starting up the business again when the switch is turned on. I have heard of many employers sending staff into restaurants to start cleaning etc.   
  
Q. ­IS PPP available for restaurants still open for takeout or just for restaurants that have completely shut down for the short term?  
A. Yes, it is available for restaurants that are open with limited services.  
  
Q. Does salary include overtime wages?  
A. Yes  
  
Q. When and how will I know for sure what look-back period I should use­?  
A. I would use Q1. Q2. Q3 and Q4 as time period for calculating average monthly payroll.  
  
Q. What if your business only had one month of payroll which started Feb 28 through current? ­  
A. No guidance on this  
   
Q. How about if an existing business added a restaurant location in February, can you use Jan - Feb employee compensation instead of 2019 compensation if the average is higher? ­  
A. The key here is to be able to tie-in the payroll costs to a 941 return. You would not be able to do that if you used Jan-Feb. No guidance from the feds.  
  
Q. What does it mean by number of jobs on the application?   
A. Guidance is changing on this by the day. Originally, we were told that it meant full-time equivalents, now we are hearing total bodies. What we recommend is to follow the ACA rules for full-time equivalents and take the average of FTE’s from Feb. 15, 2019 to June 30, 2019.   
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Q. Several servers who work for me have already had to file for unemployment. If I get a PPP loan, can you speak to how to balance unemployment payments being received by employees, versus paying the same people via payroll? ­  
A. If you were paying the same people, they would no longer be collecting unemployment as you hired them back. They cannot receive both payroll from you and unemployment from the state.   
  
Q. I thought the loan can be used for any business expense, but the "forgiveness" portion must be used for payroll, rent, utility, **interest.**  
**A.** The loan can only be used for payroll, rent, mortgage interest and utilities.It states that in the application itself.   
  
Q. What if application is nonprofit with no owners? ­  
A. We don’t think that it matters…ownership does not come into play with PPP.  
  
Q. What if you get the loan and use it for all the forgivable reasons but if we are not allowed to open come June 30, 2020, and have to lay off the employee again will that not be forgiven anymore? ­  
A. The law as written allows for forgiveness for payroll paid for 8 weeks.  
  
Q. ­Why are there different versions of the application? ­  
A. Because the government and SBA are changing the rules by the hour.  
  
Q. If we have already been closed (bars and restaurants) for two weeks and reduced payroll during this time, what does that mean regarding the requirements to maintain payroll? ­  
A. It does not affect your ability to get a loan. You are going to use the payroll in 2019 to calculate average payroll.   
  
Q. ­On the forgiveness of this loan, will this eventually be ordinary income? Or tax free? Any direction or clarity if this will happen over a certain period of time or all at once.  
A. Any debt forgiveness will be excluded from taxable income.   
  
Q. How does this SBA loan help a restaurant that has already let people go because of the governor's shutdown order? The employees have been laid off. Are the shutdown restaurants out of luck?  
A. No, you qualify to apply for the loan and hire back your employees with the proceeds from the loan.   
  
Q. ­So you’re saying pay payroll in cash during the 8 week cycle?  
A. Our recommendation is to pay payroll during the 8-week period.   
  
Q. ­We laid off most of FOH tip-based staffs but managed to keep majority of the BOH salary-based staffs. How do we meet the requirements of forgiveness? ­  
A. Recommendation is to rehire and pay the FOH staff, open for business or not. Pay all employees.   
  
Q. If I have been in business for a few years, but nearly doubled payroll as of January 1st, 2020, is it possible to apply for the PPP using Q1 of 2020 payroll numbers ONLY in the interest of staying fully staffed?  
A. If you were in business in 2019 you must use that payroll to calculate average payroll. I would use Q2, Q3, Q4 of 2019 and Q1 of 2020. Problem is that at this moment you probably don’t have the 941 payroll tax reports completed yet.   
  
Q. Just to confirm, the amount that can be requested is based on the 2019 - 941 form times 2.5. However, the loan/grant can be used for rent and utilities. How do we calculate the rent/utilities expenses?  
A. No, you will use 2019 payroll, but it is the average monthly payroll times 2.5 that is used to calculate the loan amount. Payroll, rent and utility and mortgage interest expenses are what you paid.  
  
Q. ­I read somewhere that my employees must be full time only. If so, what constitutes a full-time employee.  
A. No, all your employees don’t need to be full-time only. The application asks for full-time equivalents.  
   
Q. What happens after the 8 weeks and we do not have the sales to support the payroll? ­   
A. Not sure, hopefully more relief.  
  
Q. ­If you are forced into legal action because of an uncooperative landlord, could any of these funds be used to cover that? ­  
A. Funds can only be used for payroll, rent, utilities and mortgage interest.  
  
Q. What happens if the business folds after a loan is taken out? if there is no collateral and no personal guarantee what is the recourse?  
A. Whether the business folds or not, you either pay your employees, rent, utilities and mortgage interest or you send it back to the government.  
  
Q. Please confirm that if I was in business all of 2019 I can use all 4 quarters 941/940 from 2019 to calculate my payroll costs? ­  
A. That is our understanding as of today.  
  
Q. If I apply for PPP loan, and am granted a loan, can I time the issuance of the loan so proceeds occur and 8-week clock starts when I allowed to reopen restaurants? ­  
A. No, the clock starts once you receive the proceeds.  
  
Q. I am owner/operator of my small restaurant and I work in the restaurant full time. We are an S Corp. I take a salary. Am I included for payroll?  
A. Yes, except for any amounts paid over $100,000.  
  
Q. If I have utility bills in my AP now from March that have not been paid but were incurred prior to the loan, can I use the money to pay those and apply them to my forgiveness? ­  
A. No guidance here but the assumption is yes.  
  
Q. How is the 75% for forgiveness for rehiring determined? Payroll dollar amount or number of employees?  
A. Payroll dollars paid and full-time employees compared to last year.  
  
Q. My owners are not paid through payroll but take distributions (K-1) as their pay. Can I include that in my calculation treating them as consultants (up to $100,000)­?  
A. No, draw and distributions, as well as guaranteed payments are not included in the calculation.  
  
Q. The restaurant I own is in the building that I also own under another business name. I own 100% of both businesses. In Question 3, is that what you are referring to as another affiliate or business?   
A. We don’t believe so as it is not an operating entity.  
  
Q. On the application it asks for the number of jobs. We are very seasonal and our employee count can go from 75 to 175, given the time of year. Mostly part time. Is this number just our statement that we have less than 500? ­  
A. You must list the FTE’s as “Number of Jobs” whether under or over 500.  
  
Q. Can I pay an employee a 1099 with these funds? ­  
A. No guidance on this but the assumption is if it is an employee, yes.  
  
Q. Our restaurant is closed. How do we use the loan for payroll? Is this only available for restaurants that are open? Or can we apply the loan when we reopen. We are going to rehire everyone that was with us. It will be useful for rent and utility bills?  
A. No, if you are closed, you are eligible to apply and receive the loan proceeds. You then hire back your employees and pay them, along with your utilities and rent mortgage interest.   
  
Q. What is the interest rate if loan is not forgivable?  
A. Changed to 1%.  
  
Q. Paying 75% to keep people employed but what if there is not enough work for them? ­  
A. The spirit of the program is to keep employees employed and paid.   
  
Q. ­NNN lease, also real estate taxes part of rent?  
A. No, the law says that you can use it for payroll, utilities, rent and mortgage interest.