

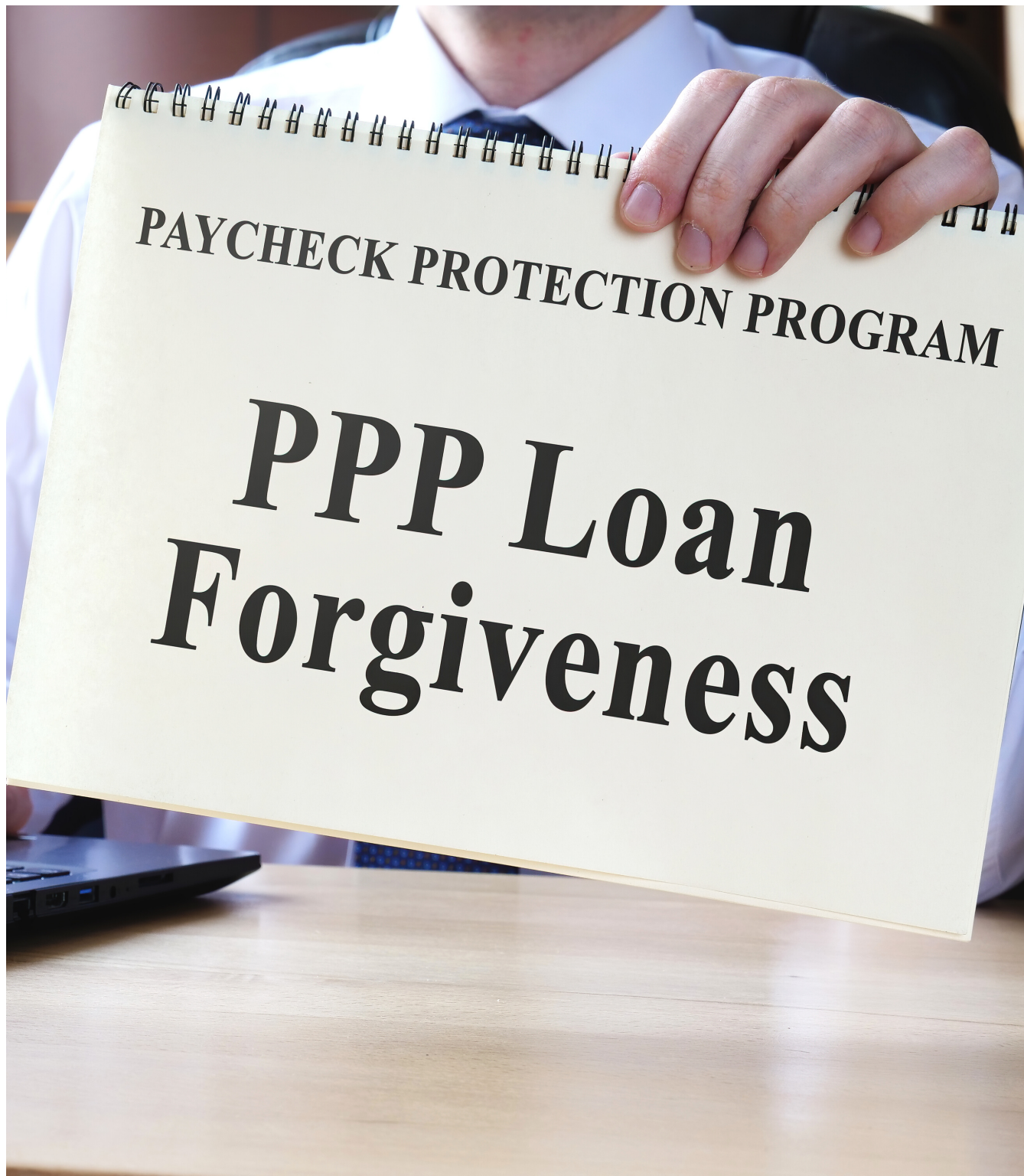


# Paycheck Protection Program Update

*presented by Sara Qureshi, Esquire*

*and guest speaker Kyle DeCicco, Senior Vice President*

*and Senior Loan Officer for Sanibel Captiva Community Bank*





## Sara A. Qureshi

### Associate

sara.qureshi@henlaw.com

Phone: 239-344-1257

Fax: 239-344-1523

Sara concentrates her practice in business organization operations and planning, mergers and acquisitions, intellectual property issues, and health care law. She also handles federal and state taxation matters, including but not limited to addressing Employer Shared Responsibility Payment Penalties under the Affordable Care Act. She routinely assists clients with preparing employment agreements, non-compete/non-solicitation agreements, confidentiality agreements, severance agreements and the like. Sara is admitted to practice in the State of Florida and before the United States Tax Court.

Prior to joining Henderson Franklin, Sara served as an Asset Integration Specialist at a local estate planning firm. During law school, Sara served as a legal intern for the Middle District of Florida as well as the Ninth Judicial Circuit in and for Orange County, Florida.

Sara served as the Editor-in-Chief of the Child and Family Law Journal and as the Executive Board Treasurer for the National Conference of Law Reviews. Sara volunteered as a certified tax preparer with the Volunteer Income Tax Program. Among other distinguished positions, Sara was nominated to serve as a Dean's Writing Fellow, Research Assistant, and Teaching Assistant for Legal Research and Writing I and II courses. Sara was also selected to join the Class of 2017 National Order of the Scribes, which is an honorary organization that recognizes graduating law students who excel in legal writing.

Sara contributes to the firm's **Southwest Florida Business & IP Blog** and her posts include:

- **IRS Extends More Tax Deadlines and Provides CARES Act Guidance**
- **Florida Extends Deadline for Certain Entity and Tax Filings**
- **IRS unveils the new "People First Initiative"**
- **The Impact of the Coronavirus Aid, Relief and Economic Security Act**

- **Employer Shared Responsibility Payment Penalties under the Affordable Care Act**

Upon receiving her Juris Doctor, Sara continued her education at the University of Florida Fredric G. Levin College of Law and obtained her Master of Laws (LL.M.) in Taxation, graduating at the top of her class. In 2019, *Naples Illustrated* named Sara to their 'Top Lawyers' list, and in 2020, Florida Super Lawyers named her a "Rising Star", both for her work in tax law.

Sara is a Cape Coral native and currently resides in Fort Myers with her Corgi, Yoda. She is fluent in English, Urdu, and Hindi. When not working, she enjoys traveling, photography, and spending time with her family and friends.

## Professional and Civic Affiliations

Sara is active within the community and currently serves on the Board of Directors for Abuse Counseling & Treatment, Inc. ("ACT"), a private, not-for-profit agency committed to serving victims of domestic violence, sexual assault, and human trafficking. She is also the Social Chair for the Lee County Bar Association Young Lawyers Division. In addition, Sara is a member of the Association for Women Lawyers, the Fort Myers Chamber of Commerce and is primarily involved within the LeadershipNEXT and Women in Business groups. She is passionate about animals and is active with local animal charities.

Over the years, Sara has volunteered for numerous non-profit organizations including United Way, Harry Chapin Food Bank of Southwest Florida, Autism Speaks, Kiwanis Club of Fort Myers, and Harbor House of Central Florida.

## Education

- Florida Gulf Coast University, B.S., *magna cum laude*
- Barry University Dwayne O. Andreas School of Law, J.D., *magna cum laude*
- University of Florida Fredric G. Levin College of Law, Master of Laws in Taxation (LL.M.)
- Admitted to the Florida Bar

## Practice Areas

- Business & Tax Planning
- Health Care
- Intellectual Property
- Mergers & Acquisitions
- Tax and Not for Profit Exempt Organizations Group
- Tax Planning & Controversy Group

### **Guest Speaker Kyle DeCicco**


**Kyle DeCicco** is senior vice president and senior loan officer for Sanibel Captiva Community Bank, focusing on the expansion of the bank's lending division in Southwest Florida. He is responsible for overseeing the solicitation, negotiation, underwriting and coordination of closing major and complex consumer, residential, equipment, SBA, commercial building and business loans.

DeCicco joined the bank in 2016 as vice president and commercial loan officer working in commercial real estate lending and developing relationships with local businesses and investors. With over a decade of banking experience, he has worked in commercial real estate and lending, credit analysis, portfolio management of performing and nonperforming loans, and management of FDIC insured loss-share assets. His efforts have resulted in the bank closing more than \$160 million in commercial loans in four years – the majority of which support local individuals and businesses looking to launch a business, grow operations or purchase real estate.



Kyle DeCicco  
Senior Vice President and Senior Loan Officer  
Sanibel Captiva Community Bank  
9311 College Pkwy  
Fort Myers, FL 33919  
P: (239) 274-6225  
F: (239) 333-2753  
E: [KDecicco@sancapbank.com](mailto:KDecicco@sancapbank.com)  
<https://sancapbank.com/>






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### Update: Paycheck Protection Program

*Presented by:*  
Sara Qureshi, Esq., LL.M. and  
Kyle DeCicco, Senior Vice President and  
Senior Loan Officer Sanibel Captiva Community Bank



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Please note that any and all information that we provide today is subject to change. The information contained herein is to be used for informational purposes only, and shall not be relied upon.



Each participant is encouraged to consult with their individual attorneys, accountants, banking professionals, and/or financial advisors.

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### Overview of the PPP Loan

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### Frequently Asked Payroll Costs Questions

- Are payroll costs that were incurred during the Covered Period or Alternative Covered Period, but paid **after** the Covered Period or Alternative Payroll Covered Period, eligible for loan forgiveness?
- Are payroll costs that were incurred before the Covered Period but paid **during** the Covered Period, eligible for loan forgiveness?
- When calculating cash compensation, should an employer use the gross amount paid to employees or the net amount?

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### Frequently Asked Payroll Costs Questions

- For loan forgiveness purposes, do payroll costs include:
  - Lost tips, lost commissions, bonuses or other forms of incentive pay?
  - Group health care benefits?
  - Employer contributions for retirement benefits?

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### Frequently Asked Non-Payroll Costs Questions

- Are nonpayroll costs incurred prior to the Covered Period, but paid **during** the Covered Period, eligible for loan forgiveness?
- Are nonpayroll costs incurred during the Covered Period, but paid **after** the Covered Period, eligible for loan forgiveness?
- Does the Alternative Payroll Covered Period apply to nonpayroll costs?

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New Interim Rule

Effective as of August 25, 2020

- Cap on forgivable payroll costs for owners and employee-owners
- Related Party Rent
- Home Office Expenses
- Certain Sub-Lease Arrangements



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Lender’s Prospective and

Practical Tips to Borrowers

- What types of frequently asked questions have you been receiving at the bank?
- Any approved applications or rejected applications?
- Will loans under X amount be forgiven automatically?
- When I should I apply for forgiveness?
- What if the borrower cant pay back the loan?
- What if the loan doesn't get forgiven in full?



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Form 3580EZ or Lender Equivalent

- Sole proprietors, independent contractors, and self-employed individuals who had no employees at the time of the PPP loan application
  - Use the form 3580EZ
  - Schedule C individuals (most will file this way)
    - Eligible loan forgiveness is limited to 2.5/12 of 2019 net profit



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Self-employed Individuals (cont'd)



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- If the borrower did not submit its 2019 IRS Form 1040 Schedule C (or F) to the Lender when the borrower initially applied for the loan, it must be included with the borrower's forgiveness application
  - Separate payments for health insurance, retirement, or state or local taxes are not eligible for additional loan forgiveness; health insurance and retirement expenses are paid out of their net self-employment income
  - Capped at \$20,833

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Loan Forgiveness Reductions



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Reductions in FTE

- What if the borrower offered to rehire one or more laid off employees but the employees declined?
  - Must be able to document the following: inform the unemployment insurance office, written offer to rehire, and written record of an attempt to rehire a similarly qualified individual.
  - This must be done per employee that the borrower is requesting to exclude from a reduction in FTE
- Calculating reductions of employee salary or hourly wages?
  - 25% is the magic number
  - If wages were reduced by more than 25% during the covered period, the portion in excess of 25% reduces the eligible forgiveness
- The application form 3508 'Schedule A Worksheet' will walk you thru the process.
  - Let's go over some examples

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What are Financial Institutions Doing Right Now?

- Lenders and borrowers were hopeful that Congress would meet and pass a bill for "automatic forgiveness" for loans under a certain dollar amount (\$150,000)
  - It appears that this will NOT happen before the election
- There is NOT a mad rush for forgiveness; however, lenders do want these loans paid off and fully forgiven
- Borrowers are starting to call their banks, "we are ready when you are"
  - Most borrowers have kept detailed records and can easily complete the process of forgiveness
- Most banks and CU's are utilizing a third party online portal system to funnel the massive amount of applications and supporting documentations

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Appeals process

- New Interim Rule
- <https://www.federalregister.gov/documents/2020/08/27/2020-17895/appeals-of-sba-loan-review-decisions-under-the-paycheck-protection-program>

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Sara Qureshi, Esq., LL.M.  
[sara.qureshi@henlaw.com](mailto:sara.qureshi@henlaw.com)  
239-344-1257

Kyle DeCicco, Senior Vice  
President and Senior Loan  
Officer Sanibel Captiva  
Community Bank  
[KDeCicco@sancapbank.com](mailto:KDeCicco@sancapbank.com)  
239- 274-6225

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*Thank you!*

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