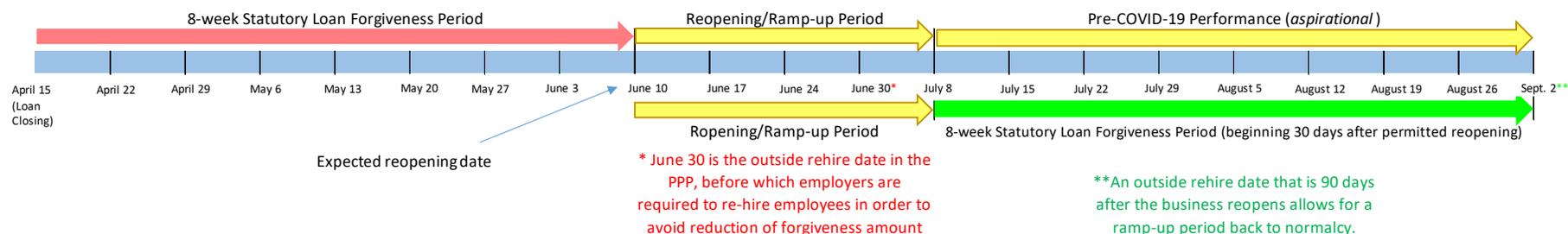


Misalignment of PPP Timelines/Funding Use Limit vs. COVID-19 Orders and Business Practicalities



Problem Description:

1. **The “Covered Period” and Outside Rehire Date Don’t Align With Current COVID-19 Orders/Business Realities.** The statutory “covered period” for loan forgiveness in the CARES Act (eight weeks after the loan origination date) and the outside date for rehiring employees to avoid loan forgiveness penalties aren’t aligned with when state government orders will permit restaurants like Silver Diner to reopen. In fact, based on current requirements (e.g., Virginia is currently *June 10*), the loan forgiveness period will expire *before* reopening is permitted.
2. **Misalignment Leads to Cash Depletion; Risks Long-Term Employment.** The misaligned “covered period” and outside rehire date, combined with the use restrictions in the SBA’s interim final rules (e.g., only 25% of loan proceeds can be used for non-payroll purposes, prohibition on use of proceeds for working capital, etc.), will necessitate rehiring employees *prior to being operational, depleting cash that could otherwise be used for the reopening period*. These limitations will unnecessarily drive small businesses into post-COVID-19 failure.

Proposed Solution:

Re-Alignment of the “Covered Period” and Outside Rehire Date with Store Opening Helps Businesses Stabilize.

Allowing cash to be retained until reopening (e.g., tying the eight week “covered period” and the outside rehire date to permitted reopening and loosening the extra-statutory restrictions on use of proceeds) stabilizes the business, which helps ensure that Silver Diner’s 1,800 employees, and millions of others like them, stay employed for the long term (which should be the fundamental goal for the CARES Act and which benefits employees and taxpayers alike).