How should Eligible Borrowers calculate “total compensation” for purposes of complying with limits on compensation under the direct loan restrictions?

Eligible Borrowers that have a choice between Item 402(c) of Regulation S-K or Federal tax rules must choose a rule upon disbursement of the Main Street loan and apply it for as long as the loan is outstanding and for 12 months thereafter, unless either of the following applies:

- If an Eligible Borrower using Federal tax rules becomes a public company, it must immediately begin using Item 402(c) of Regulation S-K (see FAQ H.14).
- If an employee becomes a Significant Deferred Compensation Recipient, the Eligible Borrower must immediately begin using Item 402(c) of Regulation S-K with respect to such employee (see FAQ H.13).

See FAQs H.12-H.14 for the instructions on calculation of total compensation, including the definition of Significant Deferred Compensation Recipient and other defined terms.