

Paycheck Protection Program (CARES Act)

ACTION - URGENT

- If you are interested in applying for the Paycheck Protection Program, we understand that the online loan application process for small business and sole proprietors will open on April 3. (It will open on April 10 for independent contractors and self employed individuals.) Download your advance copy of the application below and gather the information needed.

<https://home.treasury.gov/system/files/136/Paycheck-Protection-Program-Application-3-30-2020-v3.pdf>

The actual online application should be available through your bank's website and may not be available until Friday morning.

- There is a \$10,000 Economic Injury Disaster Loan (Grant) that is available for emergency cash flow needs. The application can be completed online with approval and distribution within a few days. The application is available at:

<https://covid19relief.sba.gov/#/>

CARES Act - Paycheck Protection Program Information

Last week, the President signed the Coronavirus Aid, Relief, and Economic Security Act (CARES). The Act has enormous complexity in offering a variety of disaster relief efforts for individuals, businesses, self-employed persons, and nonprofits. This news release talks about the Paycheck Protection Program (PPP).

The program has a significant number of nuances and limitations and will be applied differently to each of your individual situations. As such, we are identifying the high level aspects of the program, but are intentionally leaving the nuance and complexity out of this informational email.

PPP is a loan program for small business (generally with less than 500 employees) designed to provide a direct incentive to employers to keep workers on their payroll throughout the next several months. The program is administered by the Small Business Administration (SBA). Under the program, up to 100% of the loan will be forgiven if certain levels of employment are maintained.

The maximum loan available will vary for the size of every business. In general, it is limited to 2.5 times the average monthly payroll cost you would have incurred in the prior calendar year. Payroll costs include wages, certain payroll taxes, health care costs, retirement benefits and other wage related items.

Upon approval of the loan, the proceeds can be used to cover these payroll costs. In addition, the loan can be used for rent, utilities, mortgage interest, and other interest expense; all subject to certain limitations.

The portion of the loan that is eligible for forgiveness will be limited to the following:

1. The estimated eligible expenses to be incurred during the 8 week period following the date of the loan.
2. The eligible expenses actually incurred and paid during this same 8 week period.
3. The total principal of the loan

The actual forgiveness of the loan will ultimately depend upon the number of Full Time Equivalents (FTE) when comparing employment from 2/15/19 - 6/30/19 (prior year) with FTE's during the 8 week period mentioned above. There are certain beneficial exceptions to rehiring employees by June 30, 2020 who may have been laid off under the COVID-19 crisis.

The portion of the loan which is NOT forgiven can be repaid at an interest rate of not greater than 4% over a period of 10 years. Loan payments can be deferred for 6-12 months.

*****update - the interest rate is set at
0.50% with repayment over two years**

Application and Timeline

The loans are processed through most local banks. Contact your bank officer or lender immediately for guidance. Per the SBA website, loan applications will begin to be open on April 3, 2020.

A sample application is available at the link at the top of the page. We recommend that you download, print, and begin to gather this information as soon as possible. A significant portion of the information will be demographic data about your business. We will help to provide instruction and gather financial information upon request.

Other Resources and FAQ's from the US Department of the Treasury

Summary of PPP Program - ([select this link](#))

Borrower Information Sheet - ([PPP Fact Sheet PDF](#))

Lender Information Sheet - ([select this lender link](#))

This information is fluid and rapidly changing. Please contact us for clarification and assistance.

Sincerely,

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