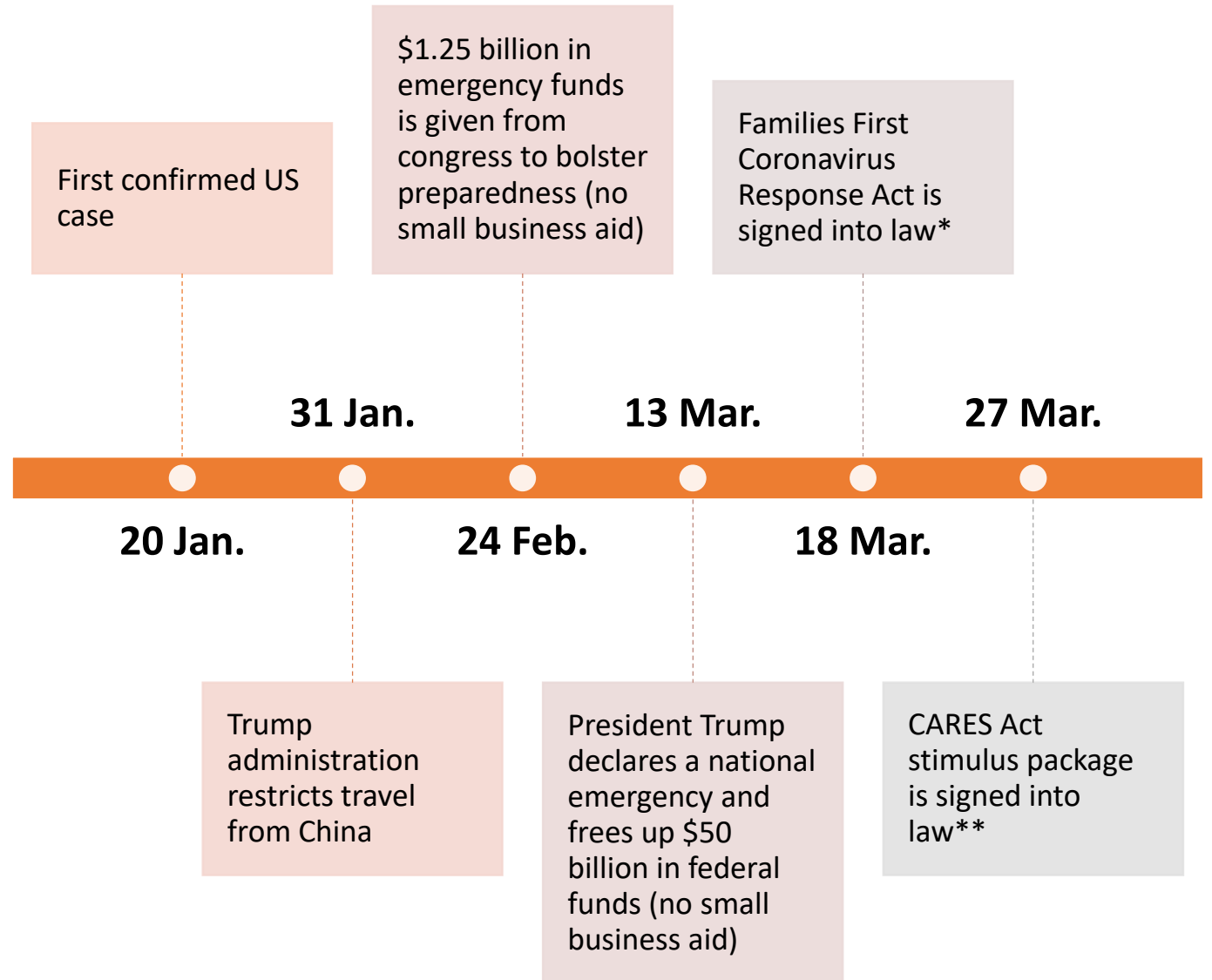


# Coronavirus Aid Opportunities

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# Timeline of Events



\*Families First Coronavirus Response Act summary on slide 3

\*\*CARES Act stimulus package summary begins on slide 4



# Families First Coronavirus Response Act

- Summary:
  - Provides up to 3 months of paid leave at a rate of 2/3 regular wages (limited to \$200 per day) for employees who have to stay home with a child whose school or childcare facility is closed due to coronavirus, as well as workers with family members affected by coronavirus
  - Provides 14 days of paid sick leave (up to \$511 per day) for those who are being tested for, treated for, or diagnosed with coronavirus
  - Provides full reimbursement by the federal government within 3 months through refundable tax credits that count against employers' payroll tax
  - Companies with fewer than 50 employees can opt out if it jeopardizes business viability
  - Goes into effect on April 1, 2020



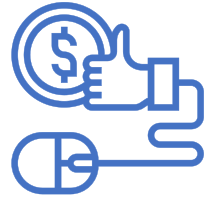
# CARES Stimulus Act – Economic Injury Disaster Loans

- Loans up to \$2M
- Loan term is 30 years
- Interest rates are 3.75%
- First month's payments are deferred a full year from the date of the promissory note
- Can be approved by the SBA based solely on applicant's credit score (not repayment ability and no tax return is required)
- Loans smaller than \$200,000 can be approved without a personal guarantee
- Borrowers can receive \$10,000 immediately in an emergency grant cash advance that can be forgiven if spend on paid leave, maintaining payroll, increased costs due to supply chain disruption, mortgage or lease payments, or repaying obligations that cannot be met due to revenue loss
- Typically, economic injury disaster loans are only granted to applicants who don't have access to credit elsewhere. That restriction is removed under the CARES Stimulus Act.
- Excluding the \$10,000 cash advance, the loan is not forgivable
- To apply, you go directly through the SBA here: <http://www.sba.gov/disaster>



# CARES Stimulus Act – Paycheck Protection Program Loan Guarantee (PPPLG)

- Loans are given up to a maximum of the lesser of \$10 million or 2.5 times the average monthly payroll costs from 2019 (calculation on next slide)
  - For employees making under \$100,000
  - Includes expenses for paid sick leave, healthcare, and other benefits
- Loan term is up to 10 years
- Maximum interest rate under this program is 4%
- Payments are deferred between 6 and 12 months from origination
- No personal guarantee or collateral is required for the loan
- Borrowers can receive a \$10,000 advance on these loans
- Entirety of the loan is forgivable (forgiveness terms on slide 7)
- To apply, you must can work with a local lender as long as they are an SBA approved lender. [The list is being updated, but you should be able to find that information here once published.](#)



# CARES Stimulus Act – PPPLG Forgiveness

- How much is forgivable?
  - A borrower is eligible for loan forgiveness equal to the amount the borrower spent on the following items during the 8-week period beginning on the date of the origination of the loan:
    - Payroll costs (using the same definition of payroll costs used to determine loan eligibility)
    - Interest on the mortgage obligation incurred in the ordinary course of business
    - Rent on a leasing agreement
    - Payment on utilities (electricity, gas, water, transportation, telephone, or internet)
    - For borrowers with tipped employees, additional wages paid to those employees



# CARES Stimulus Act – PPPLG: Maximum Loan Calculation

## Included Payroll Costs:

- Salary, wage, commission, or similar compensation
- Payment of cash tip or equivalent
- Payment for vacation, parental, family, medical, or sick leave
- Allowance for dismissal or separation
- Payment required for the provisions of group health care benefits including insurance premiums
- Payment of any retirement benefit
- Payment of state or local tax assessed on the compensation of the employee

## Excluded Payroll Costs:

- Compensation of an individual employee in excess of an annual salary of \$100,000, as prorated for the period February 15, to June 30, 2020
- Payroll taxes, railroad retirement taxes, and income taxes
- Any compensation of an employee whose principal place of residence is outside of the United States
- Qualified sick leave wages for which a credit is allowed under the Families First Coronavirus Response Act

## How do I calculate my average monthly **PAYROLL COSTS?**



sum of  
**INCLUDED**  
payroll costs

—

sum of  
**EXCLUDED**  
payroll costs

=

**PAYROLL  
COSTS**

Maximum loan =

2.5 X Average total monthly payroll costs incurred during the year prior to the loan date

***For businesses not operational in 2019:***

2.5 X Average total monthly payroll costs incurred for January and February 2020



# CARES Stimulus Act – PPPLG Forgiveness Reductions

- The amount of loan forgiveness is reduced if there is a reduction in the number of employees or a reduction of greater than 25% in wages paid to employees. Formula shown below:

Reduction based on reduction of number of employees



**PAYROLL COST**  
Calculated on page 2

**X**

Average Number of Full-Time Equivalent Employees (FTEs) Per Month for the 8-Weeks Beginning on Loan Origination

**÷**

**Option 1:**

Average number of FTEs per month from February 15, 2019 to June 30, 2019

**Option 2:**

Average number of FTEs per month from January 1, 2020 to February 29, 2020

**For Seasonal Employers:**

Average number of FTEs per month from February 15, 2019 to June 30, 2019

Reduction based on reduction in salaries



**PAYROLL COST**  
Calculated on page 2

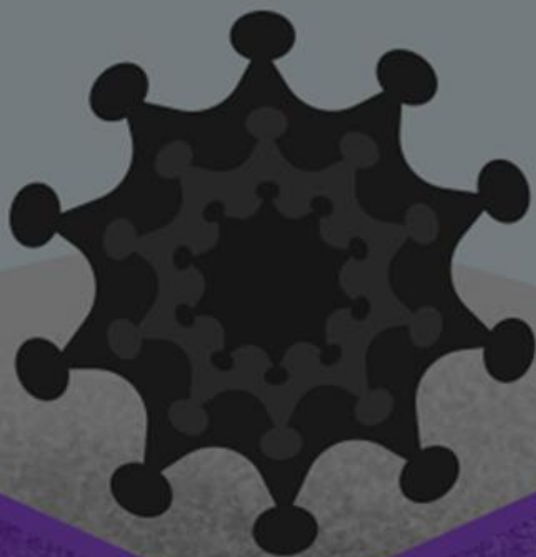
**-**

For any employee who did not earn during any pay period in 2019 wages at an annualized rate more than \$100,000, the amount of any reduction in wages that is greater than 25% compared to their most recent full quarter.

What if I bring back employees or restore wages?

Answer: Reductions in employment or wages that occur during the period beginning on February 15, 2020, and ending 30 days after enactment of the CARES Act, (as compared to February 15, 2020) shall not reduce the amount of loan forgiveness IF by June 30, 2020 the borrower eliminates the reduction in employees or reduction in wages.





# Thanks

We'll continue to send out more information as we have it