CARES Act

Forgivable Paycheck Protection Loans to Small Businesses

This Paycheck Protection Program is designed to help keep workers on payroll and continue economic activity across the nation. It allows small businesses and nonprofit organizations the ability to retain employees with government subsidized payroll expenses for two months. This may be a better option than applying for the Small Business Administration's (SBA's) Economic Injury Disaster Loan program. This program is the quickest, easiest, and lowest risk solution to help small businesses and nonprofit organizations weather this storm.

Paycheck Protection Program Summary

Eligibility

- Businesses and nonprofit organizations with fewer than 500 employees (based on location) are eligible to receive covered loans.
- Sole proprietors and independent contractors are eligible to receive covered loans.

Loan Terms and Usage

- Covered loan period begins on February 15, 2020 and ends on June 30, 2020.
- The maximum loan amount is equal to the average total monthly payments for payroll costs during the one-year period before the date the loan is made at 2.5 times or $10 million (whichever is less).
- Covered loans can be used for payroll support, such as employee salaries or commissions, paid sick or medical leave, insurance premiums, and mortgage payments, rent, utilities, and interest on any other debt obligations incurred before the covered period.
- Loan interest rates cannot exceed 4%.
- Loans shall have a maximum maturity of 10 years.
- No prepayment penalty for any payment made on the loan before December 31, 2020.

Forgiveness Provisions

- The borrower is eligible for loan forgiveness equal to the amount spent by the borrower during an 8-week period after the origination date of the loan on payroll costs, interest payment on any mortgage incurred prior to February 15, 2020, payment of rent on any lease in force prior to February 15, 2020, and payment on any utility for which service began before February 15, 2020.
- Borrowers who re-hire workers who have been previously laid off will not be penalized for having a reduced payroll at the beginning of the period.
- For tax purposes, loan forgiveness is excluded from gross income.

Application

- This program waives the typical loan requirement, that the borrower is unable to obtain credit elsewhere for loans under the program.
- Personal guarantees of owners are not required, and no collateral is required to be posted, loans are guaranteed by the SBA.
- The SBA pays processing costs for loans to the lender.
- Contact your banking representative or the SBA to learn more or to initiate the loan process.

Dana Dewberry

From: Heather Wardrip <heatherw@ahainsurancenetwork.com>
Sent: Tuesday, March 31, 2020 9:15 AM
To: Heather Wardrip
Subject: CARES Act - Small Business Loan Program

CARES Act

To: AHA Member Agencies
Date: March 31, 2020
Subject: Small Business Loan Program

As you know, Last week, the U.S. Congress passed and President Trump signed into law the **CARES Act** (the Coronavirus Aid, Relief, and Economic Security Act) — a significant piece of legislation that seeks to provide approximately $2 trillion worth of economic assistance to consumers and businesses.

As a part of the new legislation, the Small Business Administration (SBA) has created a nearly **$350 billion loan program** called the **Paycheck Protection Program**. This program is available to businesses with 500 or fewer employees to help with **payroll, rent, utilities, healthcare costs and more**. The SBA has also expanded a number of their existing programs, including the **Economic Injury Disaster Loan program**.

The federal government is currently finalizing the details and protocols about how and when different programs and relief will be implemented. SIAA is in contact with Crestmark Bank about assistance. However, like many other Banks participating in this program with the SBA they are prioritizing existing customers first and then will deal with new customers. As you can imagine the process to handle thousands of applications daily will take time to ramp up to meet the deadline of making their first loan by April 30th.

If you have a local Banking relationship, we suggest that you contact them now to establish a process for loan submissions if you believe that you will qualify for relief from the CARES Act:

Although details are still being finalized, some documentation may be required when applying for a program when it becomes available.

Based on the legislation, it may be helpful for you to gather the following information about your business:

1. **2019 Payroll** — including the last 12 months of payroll
2. **2019 Employees** — 1099's for 2019 employees and independent contractors that would otherwise be an employee of your business. (Note: Do NOT include 1099's for services)
3. **Healthcare costs** — all health insurance premiums paid by the business owner under a group health plan.
4. **Retirement** — your company retirement plan funding paid for by the company.

We will attempt as time allows to provide guidelines and whatever assistance we can keeping in mind that this program is designed for local promotion and administration.

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