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Facts about the CARES Act

1. **What is the Paycheck Protection Program?**
The Paycheck Protection Program is the major part of the Cares Act and provides loans for payroll costs, including salaries, healthcare costs, payments of interest on mortgage obligations, rent, utilities, and interest on any other debts.

2. **Who is eligible?**
Businesses and nonprofit organizations with equal to or less than: the greater of a) 500 employees or b) the standard of number of employees published by the SBA for the particular industry (and certain businesses in the accommodation and food services industries with multiple locations but not more than 500 employees at any one location). This includes both full-time and part-time employees. Eligibility is granted on a good faith certification. This means that the loan is needed due to the uncertainty of the economic landscape created by COVID-19, and that the approved funds will be used to retain workers, maintain payroll, and make qualified payments.

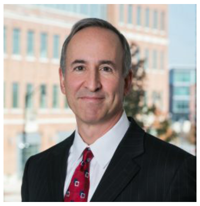
3. **How much can be borrowed?**
The maximum loan amount is the lesser of:
    a. The sum of:
        i. The product obtained by multiplying the average total monthly payments for "payroll costs" incurred during the 1-year period before the loan date by 2.5; and
        ii. The outstanding amount of an SBA economic disaster recovery loan made after January 31, 2020; or
    b. $10 Million.

4. **How can the loan be used?**
The loan may be used for payroll (including salaries, commissions and similar compensation) tips, group healthcare costs (including continuation of benefits) payments for leave, retirement benefits, state and local payroll tax, and payments of interest on mortgage obligation rent, utilities and interest on other debt incurred before February 15, 2020), all that was paid during the period from February 15, 2020 to June 30, 2020.

5. **Can the loan be forgiven?** The law allows for loan forgiveness. The amount of the loan forgiveness is based on the amounts spent on the covered expenses, listed in 4 above, during the covered period. However, the amount of a loan that can be forgiven is reduced if the number of full time employees employed during the covered period is less than the number of full time employees employed previously. The amount of a loan that can be forgiven is also reduced if the compensation of employees who earn equal to or less than $100,000 annually is reduced by more than 25%. This is designed to protect workers who make less than $100,000/year. The formula gives full credit on payroll as long as a borrower is paying people 75% of the payroll. The amount of forgiveness a) would not include wages paid in excess of $100,000 when annualized, and b) may not exceed the loan principal.

6. **Is there anything else I should know?** Yes – there is no personal guarantee or collateral required and, if a loan not forgiven, it would have a maturity date of no longer than 10 years from the date on which the loan forgiveness was applied for. The interest rate is not to exceed 4%. The SBA has indicated that these loans will be available with 2 year terms and an interest rate of 0.5%. There is no SBA guaranty fee imposed on these loans. Lenders are required to provide for deferral of payments for between 6 and 12 months.

7. **What is the next step?** A borrower seeking a Paycheck Protection Loan must apply for the loan from an SBA-approved lender. Lenders have already begun to accept loan applications. As we expect a large demand for the Paycheck Protection Loan, prospective borrowers should start gathering documentation that will be needed to process an application, including organizational documents, payroll and financial documents.



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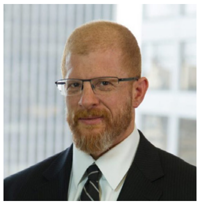

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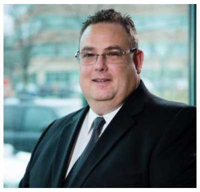

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