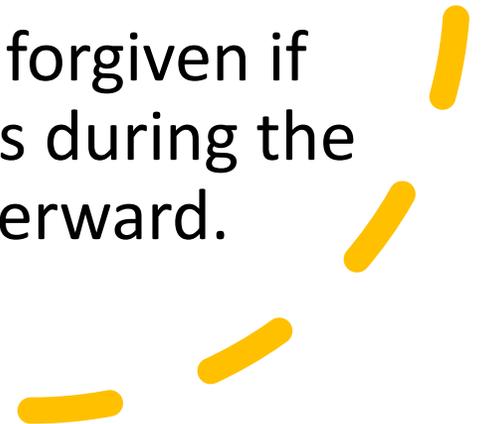




Coronavirus Aid, Relief, and Economic Security (CARES) Act

April 2, 2020

- The Coronavirus Aid, Relief, and Economic Security (CARES) Act allocated \$350 billion to help small businesses keep workers employed amid the pandemic and economic downturn. Known as the Paycheck Protection Program, the initiative provides 100% federally guaranteed loans to small businesses.
- Importantly, these loans may be forgiven if borrowers maintain their payrolls during the crisis or restore their payrolls afterward.



Eligibility Requirements

- Businesses and entities must have been in operation on February 15, 2020
- A small business with fewer than 500 employees
- A 501(c)(3) nonprofit organization, a 501(c)(19) veterans' organization, or Tribal business concern described in section 31(b)(2)(C) that has fewer than 500 employees or fewer employees than established by the relevant industry code
- Individuals who operate a sole proprietorship or as an independent contractor and eligible self-employed individuals
- Any business concern that employs not more than 500 employees per physical location of the business concern and that is assigned a North American Industry Classification System code beginning with 72, for which the affiliation rules are waived

Paycheck Protection Program

How is loan size determined?

- The maximum loan size is always \$10 million
- The maximum loan equals 250% of the average total monthly payroll costs incurred during the one-year period prior to the loan date
- For businesses not operational in 2019: 250% of average total monthly payroll costs incurred for January and February 2020
- If you took out an Economic Injury Disaster Loan (EIDL) between February 15, 2020 and June 30, 2020 and you want to refinance that loan into a PPP loan, you would add the outstanding loan amount to the payroll sum
- The program loan date ends June 30, 2020

What costs
are eligible
for payroll?

- Compensation (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 employees

What costs
are not
eligible for
payroll?

- Employee/ owner compensation over \$100,000
- Taxes imposed or withheld under chapters 21,22, and 24 of the IRS code
- Compensation of employees whose principal place of residence is outside of the U.S.
- Qualified sick and family leave for which a credit is allowed under sections 7001 and 7003

What are allowable uses of loan proceeds?

- Payroll costs (as noted above)
- Costs related to the continuation of group health care benefits during periods of paid sick, medical, or family leave, and insurance premiums
- Employee salaries, commissions, or similar compensations (see exclusions above)
- Payments of interest on any mortgage obligation (which shall not include any prepayment of or payment of principal on a mortgage obligation)
- Rent (including rent under a lease agreement)
- Utilities
- Interest on any other debt obligations that were incurred before the covered period

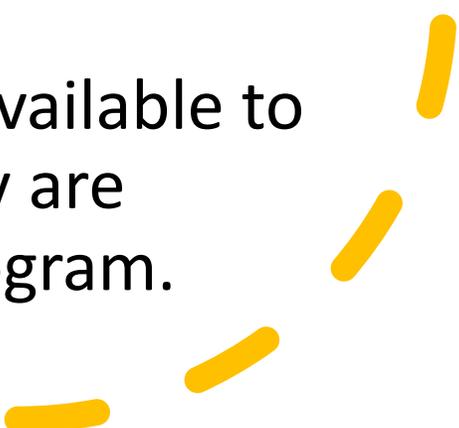
How is the forgiveness amount calculated?

- Forgiveness on a covered loan is equal to the sum of the following payroll costs incurred during the covered 8 week period compared to the previous year or time period, proportionate to maintaining employees and wages (excluding compensation over \$100,000)
- Payroll costs plus any payment of interest on any covered mortgage obligation (not including any prepayment or payment of principal on a covered mortgage obligation) plus any payment on any covered rent obligation plus and any covered utility payment

How do I get forgiveness on my PPP loan

- You must apply through your lender for forgiveness on your loan. In this application, you must include:
- Documentation verifying the number of employees on payroll and pay rates, including IRS payroll tax filings and State income, payroll and unemployment insurance filings
- Documentation verifying payments on covered mortgage obligations, lease obligations, and utilities.
- Certification from a representative of your business or organization that is authorized to certify that the documentation provided is true and that the amount that is being forgiven was used in accordance with the program's guidelines for use.

When can I apply?

- Starting April 3, 2020, small businesses and sole proprietorships can apply for and receive loans to cover their payroll and other certain expenses through existing SBA lenders.
 - Starting April 10, 2020, independent contractors and self-employed individuals can apply for and receive loans to cover their payroll and other certain expenses through existing SBA lenders.
 - Other regulated lenders will be available to make these loans as soon as they are approved and enrolled in the program.
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CARES Act Relief Fund for HBCU's



- On April 30, 2020 U.S. Secretary of Education Betsy DeVos announced that nearly \$1.4 billion in additional funding will be directed to Minority Serving Institutions (MSIs), including Historically Black Colleges and Universities (HBCUs) and Tribally Controlled Colleges and universities (TCCUs), as well as institutions serving low-income students to help ensure learning continues during the coronavirus national emergency.
- This funding is part of the Higher Education Emergency Relief (HEER) Fund authorized by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, signed into law by President Donald J. Trump less than five weeks ago.

CARES Act Relief Fund for HBCU's cont.

- By providing additional support to these important institutions, we can help ensure they emerge from this crisis stronger than before. I encourage these institutions, like all others, to use these funds to provide emergency grants to students during this challenging time, and to expand remote learning programs and build IT capacity.
- This funding is provided on top of the primary HEER Fund allocation announced earlier in April. HBCU's, for example, will collectively receive an additional \$577 million through the awards announced. That amount is on top of the \$353 million amount that the Department allocated to HBCUs through the HEER Fund earlier in the month.