

# — SCVEDC —

## PREVIEW OF CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY (CARES) ACT

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# — THIS JUST IN —

Keeping American Workers Paid and Employed Act  
is a component of Division A of the CARES Act and includes:



## Paycheck Protection Program

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- \$350 billion in loans for small businesses to cover salary, wages and benefits, at 250% of an employer's monthly payroll with a maximum loan of \$10 million



## Those who qualify will include:

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- Independent contractors
- Small businesses with less than 500 employees
- Impacted businesses with less than 500 employees per location but a total of more than 500 (such as accommodation and food services sector 72)
- 501(c)(3) nonprofit entities, less than 500 employees

—— PAYCHECK ——

# PROTECTION PROGRAM

The stimulus will:

- ✓ Be offered through 100% federally guaranteed loans to employers who maintain their payroll during this emergency. If employers maintain their payroll, the loans would largely be forgiven.
- ✓ Cover payroll costs, paid sick leave, employee salaries, health insurance premiums, mortgage payments, and other debt obligations to provide immediate access to capital for small businesses who have been impacted by COVID-19.



# — OTHER — **CONSIDERATIONS**

- ✓ While vague, the bill references applicants making “good faith” certification that the loans are necessary
- ✓ The loan limit is \$10 million
- ✓ No personal guarantees will be required
- ✓ The maximum maturity of the loan is 10 years
- ✓ There are exclusions in the calculations based on employees earning \$100K per year
- ✓ Payroll is calculated over the 12 months prior to the application period—there are other calculations for seasonal companies
- ✓ Employers can use funds to rehire employees they have already laid off

# OTHER CONSIDERATIONS

- ✓ If you use funds for other purposes or ones that are disallowed, funding will be treated as a low interest loan (around 4%)
- ✓ Banks could be physically closed during shelter in place
- ✓ There are provisions to extend or refinance existing Disaster Delivery Loans, although there is also language that suggests you can't "double dip"
- ✓ Banks' capital requirements will not be impacted by their participation
- ✓ To read the proposed legislation, see:



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



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[www.optimizeinc.net](http://www.optimizeinc.net)

[marc@optimizeinc.net](mailto:marc@optimizeinc.net)

(661) 296-2568



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