

First and foremost, hope this email finds you and your family safe and healthy. As you probably know, Congress just passed the largest stimulus package in American history, the Coronavirus Aid, Relief, and Economic Security Act (CARES). This was done in an effort to combat some of the pandemic's harmful effects on the economy. And there's one particular area within the bill that dedicates \$350 billion to support the small business sector.

Since many small businesses have been rocked by the widespread isolation orders forcing Americans to stay home, it's important to have a solid understanding of the federal small business loan program now being referred to as the Paycheck Protection Program. In short, the legislation seems to be giving lenders the ability to forego the Small Business Administration's (SBA) typically stringent approval process to allow for faster loan approval. Lenders will have the power to instantly grant any qualifying small businesses a potentially forgivable loan to help cover payroll, rent and utility expenses during this Coronavirus crisis.

So what do you need to know to qualify for cash to help keep your employees on payroll and your business operational?

What is the Paycheck Protection Program? The CARES Act legislation earmarks funds to supply non-collateral loans to small businesses in order to help cover payroll expenses. Loan forgiveness may be offered as an incentive for small business owners to keep their employees on payroll or to continue to pay bills throughout this Coronavirus crisis.

Who's eligible for a loan? Generally speaking, any business, start-up, veterans organization, tribal business concern or non-profit with 500 or fewer employees is eligible. Sole proprietors, independent contractors and self-employed individuals are eligible as well. For businesses in the food industry, the cap of 500 employees is applied on a per physical-location basis.

How much can you borrow? If your business is eligible for the loan program, your business can borrow up to \$10 million, or 2.5 times your average monthly payroll costs (using salary amounts capped at \$100,000 annually per person) – whichever amount is lower.

What does the loan cover? This type of loan can be used to cover rent, interest on mortgage payments, payroll costs, employee health benefits (including paid sick leave) and interest on other debt obligations incurred prior to the loan.

What portion of the loan might ultimately be forgiven? If you're able to keep employees on payroll or continue to pay the company bills, the amount of the loan forgiveness may include payroll costs (capped at \$100,000 annually per person), interest on mortgage payments, rent obligations and utility payments. The total amount forgiven will be reduced if you reduce wages or if your workforce decreases.

When would your loan payment be due? While repayment dates will be determined on a loan-by-loan basis, typically each loan will have an automatic deferment of both principal and interest of at least six months, with the full loan due after two years. The interest rates on loans start as low as 0.5%, and cannot exceed 4%.

When should you apply for a loan? The earlier you apply, the faster you can get relief. If you think you'll need the help, start now.

For more information on the Paycheck Protection Act Program, the Treasury Department has released its own summary on its [CARES Act resource page](#), and the [U.S. Chamber of Commerce](#) has a guide and checklist available as well.

PLEASE NOTE: The information being provided is strictly as a courtesy. When you link to any of the websites provided here, you are leaving this email. We make no representation as to the completeness or accuracy of information provided at these websites.

Lisa Valerio

Email: Lisa@valeriofinancialgroup.com

Tel: 203-283-9204

Fax: 203-283-9257

www.valeriofinancialgroup.com

Securities and investment advisory services offered through Royal Alliance Associates, Inc. (RAA), member FINRA/SIPC. RAA is separately owned and other entities and/or marketing names, products or services referenced here are independent of RAA.