

Which route to take

- 1) Two Programs (you can only be active in 1)
 - a. SBA Disaster Program – Available to apply now
 - b. Cares Act (payroll protection loans) – Probably will not be available to apply until mid-next week at the earliest
- 2) SBA Disaster Program
 - a. Distributed by SBA
 - b. Loans up to \$2M for 30 years @ 3.75% interest rate
 - i. Ultimate Loan size will be 50% of your annual revenue
 - ii. First payments have been deferred until 1/1/2021 – we have been told by other sources that it is a 12 month deferral
 - c. Collateral is required
- 3) Cares Act (this is the payroll protection we have been talking about that turns into a grant (loan is forgiven) is used for payroll)
 - a. This is NOT through SBA. It will be distributed by lending institutions
 - b. Up to \$10M for 10 years @ 4% interest
 - i. Calculated based on average monthly payroll * 2.5
 - ii. Payment deferred for 12 months
 - c. No collateral or personal guaranty required
 - d. Not going to punish if you had let employee go, but you have to hire them back in order to get the full amount forgiven. If not, they will reduce the amount forgiven by the shortfall of your payroll because they are basing it off the historical average.
 - e. No prepayment penalty
 - f. Cash utilized for Payroll will be forgiven with proper paperwork
 - i. At one point we heard rent as well, but it was not supported in this call ... more digging to be done.
- 4) We heard, you can refinance each loan with the other
 - a. This makes sense since the Cares act will not be available until next week, but I want to confirm how this works
 - i. I am afraid of being blocked out of Cares Act
- 5) Since interest is protected for both, you could take out SBA loan now while the Money is available, and pay it back at the end of the year at zero cost