



## COVID-19 Relief for Businesses: Overview of Loan Programs

Like most business owners, you're probably wondering if one of the COVID-19 loan relief programs is right for you. Below is a high-level overview of the different types of loans to help you decide.

**Important Note: With new guidance issued almost daily, we encourage you to work with your Cerity Partners advisor to help ensure you have the most current information available to make a sound decision.**

	Paycheck Protection Program (PPP) (Created Under Cares Act)	Economic Injury Disaster Loans (Offered by Small Business Administration (SBA))
<b>Purpose</b>	<ul style="list-style-type: none"> <li>Meant to cover 8 weeks of allowable costs, but have to maintain payroll levels and wages through June 30, 2020</li> </ul>	<ul style="list-style-type: none"> <li>Meant to help cover operating expenses and other financial obligations</li> </ul>
<b>Availability</b>	<ul style="list-style-type: none"> <li>April 3: Small businesses and sole proprietorships</li> <li>April 10: Independent contractors and self-employed</li> </ul>	<ul style="list-style-type: none"> <li>Now</li> </ul>
<b>Eligibility</b>	<ul style="list-style-type: none"> <li>Small businesses and nonprofits with no more than 500 employees, sole proprietors and independent contractors</li> <li>In operation as of February 15, 2020</li> </ul>	<ul style="list-style-type: none"> <li>Small businesses with no more than 500 employees, sole proprietors, independent contractors and certain other classifications</li> <li>No "in operation by" requirement</li> </ul>
<b>Loan Amount</b>	<ul style="list-style-type: none"> <li>Lesser of \$10 million <b>OR</b></li> <li>2.5X average monthly payroll + the amount of any economic injury disaster loan (EIDL) received between February 15, 2020 and June 30, 2020 that is being refinanced into a PPP loan</li> </ul>	<ul style="list-style-type: none"> <li>\$2 million maximum</li> <li>One time \$10,000 advance distributed within 3 days (doesn't have to be repaid)</li> </ul>
<b>Loan Terms</b>	<ul style="list-style-type: none"> <li>2 years</li> <li>1% annual interest rate</li> </ul>	<ul style="list-style-type: none"> <li>Up to 30 years</li> <li>3.75% annual interest (2.75% for nonprofits)</li> </ul>
<b>Approval Process</b>	<ul style="list-style-type: none"> <li>No standard credit underwriting</li> <li>No personal guarantee or collateral required</li> </ul>	<ul style="list-style-type: none"> <li>Standard underwriting</li> <li>Collateral and personal guarantee may be required</li> </ul>
<b>Loan Deferral</b>	<ul style="list-style-type: none"> <li>6 months</li> <li>Interest continues to accrue</li> </ul>	<ul style="list-style-type: none"> <li>12 months</li> <li>Interest continues to accrue</li> </ul>
<b>Loan Forgiveness</b>	<ul style="list-style-type: none"> <li>100% forgiveness if 75% of loan is spent on payroll costs</li> </ul>	<ul style="list-style-type: none"> <li>Not available</li> </ul>
<b>Getting Started</b>	<ul style="list-style-type: none"> <li>Ask your bank if it's participating in the program</li> <li>Work with your Cerity Partners advisor to gather the necessary documentation</li> </ul>	<ul style="list-style-type: none"> <li>Complete SBA application</li> <li>Work with your Cerity Partners advisor to gather the necessary documentation</li> </ul>

What about businesses with more than 500 employees? The Secretary of Treasury has some discretion to determine eligible businesses that may qualify for federal assistance. The terms and rates have not been defined as of April 6, 2020.

### We're Here to Help

We recognize that these programs are a lot to absorb, especially considering everything else that is going on. We're here to help you put the proper plan in place for your goals and circumstances. We're also closely monitoring for any additional guidance and will keep you apprised of any developments. As we stated earlier, please don't hesitate to contact Cerity Partners if you have any questions or concerns.

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