

CARES Act / SBA Loan - Overview

- ❑ The Federal Government has offered a relief program for Payroll during the COVID-19 pandemic.
- ❑ All information currently suggests that we will be eligible for this relief.
- ❑ The Relief comes in the form of an SBA Loan that can be forgiven and turned into a grant.
- ❑ We have received approval from our Lender – LCEF – to seek this relief package.
- ❑ This would be an uncollateralized loan. We consider it to be an “Extraordinary Liability” under section 6 of the by-laws and therefore we are requesting approval of accepting this PPP SBA Loan.
- ❑ The Loan has a very favorable interest rate and includes Loan Forgiveness.

CARES Act / SBA Loan – Details for LHSAGM

U.S. Small Business Administration (SBA) is offering designated low-interest federal disaster loans for working capital to small businesses suffering substantial economic injury as a result of the Coronavirus (COVID-19)

Paycheck Protection Program (PPP Loan)

Criteria : Less than 500 employees (religious based non-profits appear to be eligible)

Loan Amount : Applied for \$2,857,592. Up to 250% of Average Monthly Payroll.

Use of Funds : Salaries and wages up to \$100,000 per employee, benefits including health insurance, risk insurance, retirement, utilities

Loan Payment Deferment : First payment due in six (6) months

Duration : Two (2) Years

Interest Rate : 1.0%

Collateral : None

Origination / Application Fees : None

Loan Forgiveness : Borrower will be eligible for forgiveness; **Loan effectively converts to a Grant.**

Forgiveness is reduced proportionately by any reduction in employees when compared to prior year for the 8 weeks following loan origination.

Other Information : Loan extended by SBA Lender (BMO or Bank 59);

Subject to SBA Loan Officer Approval but requirements are being lax.

Motion D20-4-1

- Move to allow the Administration of the LHSAGM to accept a PPP (Paycheck Protection Program) Small Business Administration loan, as part of the COVID-19 Federal Disaster Relief Programs (CARES Act), of not more than \$2,900,000 in accordance with the terms of the loan that were outlined in this presentation.