CARES ACT - PAYCHECK PROTECTION PROGRAM (“PPP”)

The following is a summary of the provisions that we believe will be important to you.

1. **Eligibility.** Businesses with less than 500 employees (in business on February 15, 2020).

   Must certify the following (among other things):
   (a) that the uncertainty of current economic conditions makes the loan necessary to support ongoing operations; and
   (b) funds will be used to retain workers and maintain payroll or make mortgage payments, lease payments, and utility payments.

2. **Loan Amount** - Lesser of $10 Million or 2.5 x 2019 average monthly “payroll costs.”

   “Payroll costs” means:
   • Salaries, wages, or commissions
   • PTO
   • Group health premiums
   • Retirement Benefits
   • State or local payroll taxes (not federal PR taxes)

   The following are excluded from “Payroll costs.”
   • Compensation in excess of $100,000 (amount up to $100,000 is included)
   • Federal payroll taxes
   • sick leave or family leave wages paid under the Families First Coronavirus Response Act (FFCRA)

3. **Allowable Uses:**

   • Payroll costs
   • Health care benefits (including PTO other than FFCRA leave)
   • Mortgage interest
   • Rent
   • Utilities
   • Interest on existing debts (debt incurred before 2/15/20).

4. **Loan Forgiveness** - Subject to the limitations described in 5 below, the loan will be forgiven to the extent the proceeds are used to pay the following expenses during the 8-week period after the loan origination:

   • Payroll costs (compensation above $100,000 excluded)
   • Interest on mortgages
   • Rent
   • Utilities

5. **Reduction of Forgiveness** - Loan forgiveness is tied to continued employment. Amount forgiven reduced as follows:

   (a) Full-Time Equivalent Employees (“FTE”) - loan is forgiven based upon the ratio of the FTE headcount most favorable to Employer.

   1. Average number of FTE per month during the 8-week period after loan original date divided by average number of FTE per month from 2/15/2019 to 6/30/2019.
2. Average number of FTE per month during the 8-week period after loan original date divided by average number of FTE per month from 1/1/2020 to 2/29/2020.

(b) Salary/Wages of Employees - Loan forgiveness is also reduced to the extent compensation for any individual making less than $100,000 per year is reduced by more than 25%. The calendar quarter prior to the loan origination is compared to the 8-week period commencing on the loan origination.

6. Repayment of Unforgiven Amount - Loan balance after loan forgiveness can be repaid over up to 10 years, at interest rate not more than 4%. Payment deferment for not less than 6 months and not more than 1 year.

7. Benefits of PPP:
   • No personal guaranty or collateral required
   • Loan forgiveness is not taxable
   • No loan fees
   • Doesn’t matter if you available credit elsewhere
   • No prepayment penalty
   • Can still deduct payroll and interest expenses.