

Valued Partners,

The CARES Act signed into law on March 27<sup>th</sup> 2020 is a \$2 trillion emergency aid package to provide rapid relief across the United States economy, helping to protect businesses and individuals during governmental social distancing and shelter-in-place mandates.

The law will have the greatest impact on eight main categories: small business relief, unemployment benefits, individual tax relief, business tax relief, energy, healthcare, economic stabilization, and education/student debt. You can find a brief summary of the small business relief included in the CARES Act below. For a detailed summary of each category, please visit our website on COVID-19 at <https://connect.lennoxcommercial.com/covidcommunications>.

### Small Business Relief

- **SBA Loans** – Establishes the maximum 7(a) loan amount. to \$10 million through December 31, 2020 and provides a formula by which the loan amount is tied to payroll costs incurred by the business to determine the size of the loan. Specifies allowable uses of the loan include payroll support, such as employee salaries, paid sick or medical leave, insurance premiums, and mortgage, rent, and utility payments.
- **Eligibility** – The business or 501(c)(3) nonprofit must have less than 500 employees. This includes sole-proprietors, independent contractors, and other self-employed individuals as eligible for loans.
- **Physical Location and Affiliation** - Allow businesses with more than one physical location that employs no more than 500 employees per physical location in certain industries to be eligible.
- **Loan Dates and Terms** - Defines the covered loan period as beginning on February 15, 2020 and ending on June 30, 2020. Any remaining loan balance will have a maturity of not more than 10 years, and the guarantee for that portion of the loan will remain intact.
- **Interest Rate** - Sets a maximum interest rate of four percent.
- **Waivers** - Waives the credit elsewhere test for funds provided under this program. It waives collateral and personal guarantee requirements under this program.
- **Loan Forgiveness** - Establishes that the borrower shall be eligible for loan forgiveness equal to the amount spent by the borrower during an 8-week period after the origination date of the loan on payroll costs, interest payment on any mortgage incurred prior to February 15, 2020, payment of rent on any lease in force prior to February 15, 2020.

If you or anyone in your business has questions or needs help interpreting the CARES Act, please don't hesitate to contact your territory manager.



Elliot Zimmer  
President & Chief Operating Officer  
Lennox Commercial