

CARES Act-Paycheck Protection Program Loans

We wanted to make you aware of the most recent federal program which may help many of our financial and insurance professionals. The CARES Act expands the availability of small businesses loans under Section 7(a) of the Small Business Act to include the new **Paycheck Protection Program**. The proceeds of these loans may be used for payroll costs, mortgage interest, rent, utilities and interest on certain other debt. Up to 100% of these loans may, subject to certain restrictions, be forgiven.

Below are the frequently asked questions:

- 1 Who is eligible?**
Generally, any business concern with fewer than 500 employees is eligible for a loan under the Paycheck Protection Program.
- 2 What is the maximum amount that can be borrowed?**
The lesser of (A) \$10 million and (B) 2.5 times the average total monthly payroll costs of the business concern.
- 3 Are borrowers required to provide collateral or a personal guarantee?**
For loans made under the Paycheck Protection Program, the requirements to provide collateral and a personal guarantee have been waived.
- 4 What is the interest rate?**
The interest rate cannot exceed 4%.
- 5 How much is eligible for forgiveness?**
Up to 100% of the Paycheck Protection Program loans may be eligible for forgiveness; however, decreases in employee headcount or wages may reduce the amount eligible for forgiveness.



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Additional information can be found on the U.S. Small Business Administration website:

7(a) Loan Application Checklist

<https://www.sba.gov/loans-grants/see-what-sba-offers/sba-loan-programs/general-small-business-loans-7a/7a-loan-application-checklist%20>

SBA Lender Match

<https://www.sba.gov/funding-programs/loans/lender-match>

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