

The Federal CARES Act

Federal Stimulus Actions to Help Small Business Weather the Coronavirus Pandemic



MAJOR PROVISIONS | IMPLEMENTATION | RESOURCES

Tom Sullivan

Vice President

**Small Business Policy
U.S. Chamber of Commerce**



**U.S. Chamber of Commerce
Small Business Policy**



@SmallBizPatriot

THREE LAWS IN THREE WEEKS – WASHINGTON’S QUICK ACTION

- **Coronavirus Preparedness and Response Supplemental Appropriations Act (March 6, 2020)**
- **Families First Coronavirus Response Act (March 18, 2020)**
- **Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (March 27, 2020)**



KEY PROVISIONS FOR SMALL BUSINESSES

Small Businesses, Self-Employed, Independent Contractors, & Non-Profits

- SBA Economic Injury Disaster Loans (EIDL)
- Paycheck Protection Program



SBA ECONOMIC INJURY DISASTER LOANS (EIDLs)

- SBA Disaster Loans with a 60-year history
- Small businesses & non-profits with 500 or fewer employees
- ESOPs, Self-employed & independent contractors
- Up to \$2 million working capital loan up to 30-year term
- 3.75 % business; 2.75% non-profits. Payments deferred for 1 year
- Up to \$10,000 emergency grant, not tied to loan acceptance
- Economic Injury Disaster Loans (EIDLs) can be refinanced into PPP loan
- On April 9th, SBA alerted applicants to \$15,000 (in addition to grant up to \$10,000)
- Additional \$50 billion for EIDLs & \$10 billion for emergency grants in law signed April 24th.
- Loans (EIDLs) can be refinanced into PPP loan
- Customer Service 1-800-659-2955 or 716-843-4100 disastercustomerservice@sba.gov 7 Days/Week 8am-8pm EST
- Updates posted at www.SBA.gov/disaster

The screenshot shows the SBA Disaster Loan Assistance application process. At the top right, it lists 'OMB Control #3247-0406' and 'Expiration Date: 09/30/2020'. The main heading is 'Disaster Loan Assistance' with the subtitle 'Federal Disaster Loans for Businesses, Private Non-profits, Homeowners and Renters'. Below this is the specific application title: 'COVID-19 ECONOMIC INJURY DISASTER LOAN APPLICATION'. The process flow is shown as a series of steps: DISCLOSURES, BUSINESS INFORMATION, BUSINESS OWNERS INFORMATION, and ADDITIONAL INFORMATION. A 'SUMMARY' step is shown below these with a checkmark icon, indicating it is the current step. Below the flowchart is the heading 'STREAMLINED PROCESS REQUIREMENTS'.



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PAYCHECK PROTECTION PROGRAM (PPP)

Check One: <input type="checkbox"/> Sole proprietor <input type="checkbox"/> Partnership <input type="checkbox"/> C-Corp <input type="checkbox"/> S-Corp <input type="checkbox"/> LLC <input type="checkbox"/> Independent contractor <input type="checkbox"/> Eligible self-employed individual <input type="checkbox"/> 501(c)(3) nonprofit <input type="checkbox"/> 501(c)(19) veterans organization <input type="checkbox"/> Tribal business (sec. 31(b)(2)(C) of Small Business Act) <input type="checkbox"/> Other		DBA or Tradename if Applicable 	
Business Legal Name 			
Business Address 		Business TIN (EIN, SSN) 	Business Phone () -
 		Primary Contact 	Email Address
Average Monthly Payroll: \$	 	x 2.5 + EIDL, Net of Advance (if Applicable) Equals Loan Request:	\$
Purpose of the loan (select more than one):		<input type="checkbox"/> Payroll <input type="checkbox"/> Lease / Mortgage Interest <input type="checkbox"/> Utilities <input type="checkbox"/> Other (explain): _____	
Number of Employees:			

- \$349 Billion in loans for small business (generally 500 or fewer employees), 501(c)(3)s, self-employed, sole proprietors, and independent contractors
- Loans by private lenders equal the lesser of 2 ½ months of average payroll or \$10 million
- PPP loans have a 1.0% fixed rate and the loan is due in 2 years.
- 1099 payments not included in payroll calculation. IC's eligible for their own PPP loans
- Loans convert to grants and 75% of the loan proceeds must be spent on payroll
- Loan forgiveness is reduced proportionally if the employer reduces number of FTEs
- Loan forgiveness is reduced if employer reduces wages by more than 25%
- Employer can avoid reduction in forgiveness if they bring back employees and restore wages by June 30th



LATEST NEWS

- April 3rd, SBA 7(a) lenders began offering Paycheck Protection Program (PPP) loans.
- April 10th, SBA 7(a) lenders extended PPP loans to non-employer small businesses.
- April 16th SBA stopped accepting applications after allocations met the \$349 billion cap.
- April 3-16, 1.6 million loans, averaging \$215,000 through 4,975 lenders.
- April 23rd SBA clarified guidance on borrowers' economic need certification for PPP loans.
- Additional \$310 billion for PPP loans (\$250 / \$30 / \$30) in law signed April 24th.
- Square, Kabbage, OnDeck, Quickbooks by Intuit providing lower-dollar PPP loans.
- April 27-May 5 SBA re-started loan system. 2.37 million loans from 5,411 lenders worth \$181 billion.
- Average loan size in this 2nd tranche is \$79,000.
- #SaveSmallBusiness campaign: www.uschamber.com/savesmallbusiness



LEARN MORE ABOUT THE PAYCHECK PROTECTION PROGRAM

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Prepared by the **U.S. CHAMBER OF COMMERCE**

CORONAVIRUS EMERGENCY LOANS Small Business Guide and Checklist



The Coronavirus Aid, Relief, and Economic Security (CARES) Act allocated \$350 billion to help small businesses keep workers employed amid the pandemic and economic downturn. Known as the Paycheck Protection Program, the initiative provides 100% federally guaranteed loans to small businesses.

Importantly, these loans may be forgiven if borrowers maintain their payrolls during the crisis or restore their payrolls afterward.

The administration soon will release more details including the list of lenders offering loans under the program. In the meantime, the U.S. Chamber of Commerce has issued this guide to help small businesses and self-employed individuals prepare to file for a loan.

Here are the questions you may be asking—
and what you need to know.



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