

The Coronavirus Aid, Relief and Economic Security Act



PROFESSIONAL GROUP PLANS
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CARES Act for Small Businesses

The CARES Act tasks the Small Business Administration with overseeing the distribution of millions of dollars in loans and grants to help small businesses survive the pandemic. It also provides additional funding for SBA's Resource Partners to provide advice and training to help small businesses respond to the unprecedented challenges in communities throughout the country.



Paycheck Protection Program

What is the Paycheck Protection Program (PPP)?

A new \$350 billion loan program at SBA for small businesses, self-employed, and gig workers to help them from going under due to the COVID-19 pandemic. **If employers maintain payroll, the loans can be forgiven. Details on loans, application process and forgiveness on next page.**

Who is Eligible?

- Any business concern, nonprofit organization, veteran's organization, or Tribal business concern that employs no more than 500 employees (or the size standard in number of employees established by the Administration for the industry in which such business operates)
- Sole proprietors, Independent contractors, Self-employed individuals

How Does the Process Work?

All current 7(a) lenders are eligible lenders. Plus, the Department of Treasury will authorize new lenders to help expedite the processing and delivery of capital to small businesses.

How Can I Apply?

Through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating. Other regulated lenders will be available to make these loans once they are approved and enrolled in the program. Consult with your local lender to see if they are participating.

How Much?

The size of the loan is 250% of an employer's average monthly payroll cost during the period Feb. 15, 2019 to June 30, 2019, capped at \$10 million.

How Can I Use It?

- Employee compensation, including: salaries, wages, commissions, or similar compensation; cash tips or equivalents; vacation, parental, family, medical, or sick leave; payment required for providing group health care benefits (including insurance premiums); payment of retirement benefits; and payroll taxes.
- Any compensation or income of a sole proprietor or independent contractor no greater than \$100,000 in one year
- Payment of interest on mortgage obligations, rent, utilities, and interest on pre-existing debt obligations

Why a PPP Loan?

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- Payment of interest on mortgage obligations, rent, utilities, and interest on pre-existing debt obligations.



EIDL Grants

What is an Economic Injury Disaster Loan (EIDL)?

A low-interest, fixed rate loan that can provide up to \$2 million in assistance for small businesses that can be used to pay immediate expenses during an emergency.

What is an EIDL Grant?

The CARES Act creates a new \$10 billion grant program, leveraging SBA's Office of Disaster Assistance Infrastructure, to provide small businesses with quick, much-needed capital.

Who is Eligible?

- Private nonprofit organizations, small agricultural cooperatives
- Businesses; cooperatives; ESOPs; and tribal business concerns with 500 or fewer employees
- Independent contractors
- Sole proprietors (whether or not self-employed)

How does the process work?

- Eligible applicants who apply for an EIDL may request up to \$10,000 be immediately disbursed. The amount need not be repaid, regardless of the loan decision.
- EIDL borrowers may apply for the Paycheck Protection Program, but when determining loan forgiveness, the advance EIDL grant is taken into consideration.

How can I apply?

There are a couple of ways to apply. The SBA has an online portal where small businesses can upload documents and apply for a loan, or they can download the PDF on the agency's website and mail the forms.

How Much?

A million small businesses are eligible to receive up to \$10,000.

How long will the process take?

The legislation requires SBA to disburse the funds within three days of receiving the application.

How Can it be Used?

- Any allowable purpose under the EIDL program
- Provide paid sick leave, maintain payroll, and meet increased costs
- Make rent or mortgage payments, and repaying unmet obligations.



LOAN DETAIL, FORGIVENESS AND APPLICATION PROCESS

- The loan will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities (due to likely high subscription, at least 75% of the forgiven amount must have been used for payroll).
- Loan payments will also be deferred for six months.
- No collateral or personal guarantees are required.
- Neither the government nor lenders will charge small businesses any fees.
- Forgiveness is based on the employer maintaining or quickly rehiring employees and maintaining salary levels.
- Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease.
- This loan has a maturity of 2 years and an interest rate of .5%.

If you wish to begin preparing your application, you can [download a sample form](#) to see the information that will be requested from you. You will apply on the Small Business Administration website at <https://covid19relief.sba.gov/#/>

COUNSELING AND TRAINING

\$275 Million for SBA’s Resource Partners and the Minority Business Development Agency to provide vital mentorship, guidance, and expertise to small business owners and entrepreneurs impacted by COVID-19.

Amount	\$275 Million		
HOW WILL GRANTS BE USED?	SBA’s Resource Partners – Small Business Development Centers (SBDCs) and Women’s Business Centers (WBCs) – and the Minority Business Development Centers (MBDCs) will be able to expand their reach and better support small business owners with COVID-19 concerns.		
WHAT SPECIFIC TOPICS WILL BE COVERED?	<ul style="list-style-type: none"> • Provides Assistance with Loan Application Process • Access risks and prevention of COVID-19 • Handle supply chain disruptions • Telework • Protect against cyberthreats • Handle less travel and foot traffic • Any other COVID-19 concerns 		
WHERE CAN I FIND A RESOURCE PARTNER NEAR ME?	Small Business Development Centers LINK	Women’s Business Centers LINK	Minority Business Development Centers LINK