

The Federal CARES Act

Federal Stimulus Actions to Help Small Business Weather the Coronavirus Pandemic



MAJOR PROVISIONS | IMPLEMENTATION | RESOURCES

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



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



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)**



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KEY PROVISIONS FOR SMALL BUSINESSES

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

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



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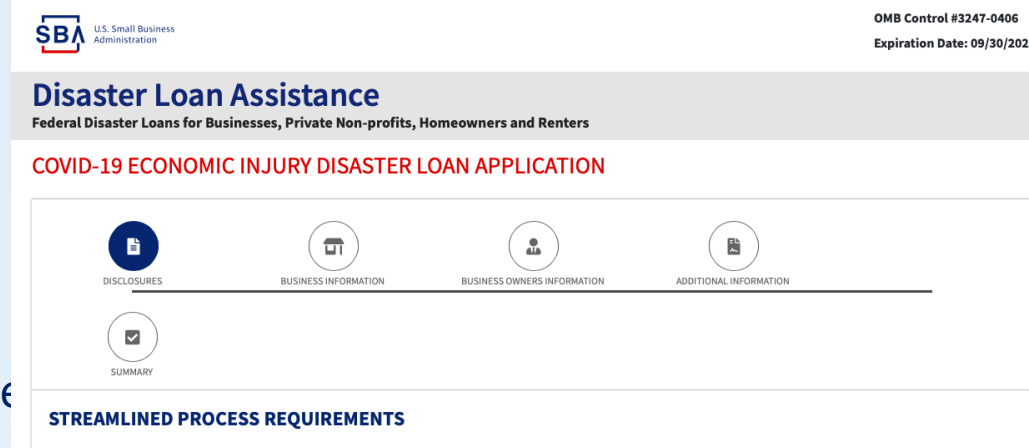


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SMALL BUSINESSES, SELF-EMPLOYED, INDEPENDENT CONTRACTORS, NON-PROFITS

SBA Economic Injury Disaster Loans

- 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
- Streamlined application through www.SBA.gov/disaster



The screenshot shows the SBA's Disaster Loan Assistance application interface. At the top, the SBA logo and 'U.S. Small Business Administration' are on the left, and 'OMB Control #3247-0406' and 'Expiration Date: 09/30/2020' are on the right. Below this is a header for 'Disaster Loan Assistance' with the subtitle 'Federal Disaster Loans for Businesses, Private Non-profits, Homeowners and Renters'. The main heading is 'COVID-19 ECONOMIC INJURY DISASTER LOAN APPLICATION'. A progress bar follows with five steps: 'DISCLOSURES' (selected with a blue circle and document icon), 'BUSINESS INFORMATION' (circle with building icon), 'BUSINESS OWNERS INFORMATION' (circle with person icon), 'ADDITIONAL INFORMATION' (circle with document icon), and 'SUMMARY' (circle with checkmark icon). Below the progress bar is a section titled 'STREAMLINED PROCESS REQUIREMENTS'.



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GUIDE TO SBA'S ECONOMIC INJURY DISASTER LOANS

The Coronavirus Aid, Relief, and Economic Security (CARES) Act expands the Small Business Administration's long-standing Economic Injury Disaster Loan Program (EIDL). The EIDL program was created to assist businesses, renters, and homeowners located in regions affected by declared disasters.

Who is **ELIGIBLE**?

In general, all of the following entities that have suffered substantial economic injury caused by a disaster provided they were in existence on January 31, 2020:

- Businesses with fewer than 500 employees
- Cooperatives, ESOPs, and tribal small businesses with fewer than 500 employees
- Sole proprietors
- Independent contractors
- Most private nonprofits

What are the **LOAN PARAMETERS**?

- The maximum EIDL is a \$2 million working capital loan at a rate of 3.75% for businesses and 2.75% for non-profits with up to a 30-year term
- Payments on Coronavirus EIDL loans are deferred for one year
- Up to \$200,000 can be approved without a personal guarantee
- Approval can be based on a credit score and no first-year tax returns are required
- Borrowers do not have to prove they could not get credit elsewhere

- No collateral is required for loans of \$25,000 or less. For loans of more than \$25,000, general security interest in business assets will be used for collateral instead of real estate
- The borrowers must allow the SBA to review its tax records

How can I access an **EMERGENCY \$10,000 GRANT**?

- Eligible applicants for an EIDL can receive a \$10,000 emergency grant within three days of application (through Dec. 31)
- There is no obligation to repay the grant. To receive the \$10,000 emergency grant, it is not necessary to have an approved EIDL loan. However, if you are able to secure a PPP loan, the \$10,000 grant will be subtracted from the forgiveness amount

NOTE: The Paycheck Protection Program (PPP) created by the CARES Act prohibits borrowers from taking out two loans for the same purpose. For more information on PPP loans, visit uschamber.com/sbloans

How do I **APPLY**?

Apply online at **SBA.gov/disaster**

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Paycheck Protection Program

- \$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
- 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



Small Business Guide and Checklist

Updated: April 1, 2020



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 (PPP), 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 has released initial guidelines; they are available at **www.treasury.gov**. The U.S. Chamber of Commerce has issued this guide to help small businesses and self-employed individuals check eligibility and prepare to file for a loan.



**Paycheck Protection Program
Borrower Application Form**

OMB Control No.: 3245-0407
Expiration Date: 09/30/2020

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:	\$	Number of Employees:	
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): _____					

Applicant Ownership

List all owners of 20% or more of the equity of the Applicant. Attach a separate sheet if necessary.

Owner Name	Title	Ownership %	TIN (EIN, SSN)	Address

If questions (1) or (2) below are answered "Yes," the loan will not be approved.

Question		Yes	No
1.	Is the Applicant or any owner of the Applicant presently suspended, debarred, proposed for debarment, declared ineligible, voluntarily excluded from participation in this transaction by any Federal department or agency, or presently involved in any bankruptcy?	<input type="checkbox"/>	<input type="checkbox"/>
2.	Has the Applicant, any owner of the Applicant, or any business owned or controlled by any of them, ever obtained a direct or guaranteed loan from SBA or any other Federal agency that is currently delinquent or has defaulted in the last 7 years and caused a loss to the government?	<input type="checkbox"/>	<input type="checkbox"/>
3.	Is the Applicant or any owner of the Applicant an owner of any other business, or have common management with, any other business? If yes, list all such businesses and describe the relationship on a separate sheet identified as addendum A.	<input type="checkbox"/>	<input type="checkbox"/>
4.	Has the Applicant received an SBA Economic Injury Disaster Loan between January 31, 2020 and April 3, 2020? If yes, provide details on a separate sheet identified as addendum B.	<input type="checkbox"/>	<input type="checkbox"/>

If questions (5) or (6) are answered "Yes," the loan will not be approved.

Question		Yes	No
5.	Is the Applicant (if an individual) or any individual owning 20% or more of the equity of the Applicant subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction, or presently incarcerated, or on probation or parole? Initial here to confirm your response to question 5 → _____	<input type="checkbox"/>	<input type="checkbox"/>
6.	Within the last 5 years, for any felony, has the Applicant (if an individual) or any owner of the Applicant 1) been convicted; 2) pleaded guilty; 3) pleaded nolo contendere; 4) been placed on pretrial diversion; or 5) been placed on any form of parole or probation (including probation before judgment)? Initial here to confirm your response to question 6 → _____	<input type="checkbox"/>	<input type="checkbox"/>
7.	Is the United States the principal place of residence for all employees of the Applicant included in the Applicant's payroll calculation above?	<input type="checkbox"/>	<input type="checkbox"/>
8.	Is the Applicant a franchise that is listed in the SBA's Franchise Directory?	<input type="checkbox"/>	<input type="checkbox"/>

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Paycheck Protection Program (PPP) LATEST NEWS

- On Friday, April 3rd, SBA 7(a) lenders began offering Paycheck Protection Program (PPP) loans for small businesses
- On Saturday, April 4th, SBA updated eligibility criteria for faith-based organizations and churches
- As of last night, \$38 billion of loans were issued from 2,400 lenders (up from 1,800 lenders Friday)
- Starting Friday, April 10th, SBA 7(a) lenders will extend PPP loans to non-employer small businesses.
- PPP loans have a 1.0% fixed rate and the loan is due in 2 years.
- Other lenders will be applying to SBA to participate. Ask your bank if they offer PPP loans.



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LEARN MORE ABOUT THE PAYCHECK PROTECTION PROGRAM

KEEP UP TO DATE

www.uschamber.com/co

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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