

WHAT IS CARES ACT?

CARES Act provides that during the covered period of February 15 through June 30, 2020, in addition to "small business concerns," any business concern, certain non-profit organizations, veterans organization, or tribal business shall be eligible to receive a covered loan if that entity employs not more than the greater of:

1. 500 employees per physical location; or
2. the number of employees allowed by the employee-based size standard applicable to that entity.

CARES is separated into 3 main pools of money: Paycheck Protection Program (PPP), Economic Injury Disaster Loan (EIDL), and Emergency Economic Injury Disaster Grants (which is a subpart of EIDL)

1. PPP –

- Provides Up to \$10 Million loan for each business, guaranteed 100 percent by the U.S. government.
- Proceeds from the PPP loans can be used for:
 - Current allowable uses of SBA Section 7(a) Small Business Loans
 - Payroll costs;
 - Insurance premiums and group health care benefits;
 - Employee compensation;
 - Payment of interest on mortgage obligations;
 - Rent;
 - Utilities; and
 - Interest on debt.
- The maximum amount of a loan equals 2.5 months of regular payroll expenses (subject to a cap of a \$100,000 of annual salary per employee).

II. Benefits for Borrowers:

- Principle on the loans is forgivable based on the following:
 - Amount forgivable is equal to eight weeks of payroll and other above costs
 - Borrower must retain its employees and maintains salary levels through June 30
- Lending fees waived
- No Collateral or personal guarantee
- Max interest rate is 4%
- Canceled indebtedness will not be included in the borrower's taxable income
- Payments deferred for 6-12 months

III. Application Process:

- Borrowers can utilize any SBA 7(a) lender to apply.
- Lenders can be found [here](#).
- Lenders will based eligibility on whether the business was operational on February 15, 2020, and had employees for whom it paid salaries and payroll taxes, or a paid independent contractor (1099)

IV. When can I apply?

- Starting April 3, 2020, small businesses and sole proprietorships
- Starting April 10, 2020, independent contractors and self-employed individuals can apply

V. What do I need to apply?

- Completed Paycheck Protection Program loan application submitted to an approved lender by June 30, 2020.
- Payroll Documentation

2. Economic Injury Disaster Loan -

- Provides up to \$2 million in direct loans for substantial economic injury caused by the COVID-19 pandemic.
- Substantial economic injury is defined as business being unable to meet its obligations or to pay its ordinary and necessary operating expenses.
- Interest rate is 3.75% for business, and 2.75% for non-profits
- Up to \$200,000 can be approved without personal guarantee
- No collateral for loans \$25,000 or less
- 1 year in business and previous credit requirements are waived
- Loan proceeds may be used for working capital necessary for ongoing operations until resumption of normal operations.
- Available until December 31, 2020

I. Eligible Entities:

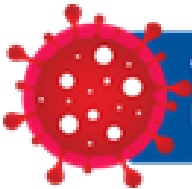
- Any business with fewer than 500 employees.
- Tribal businesses with fewer than 500 employees.
- Cooperatives with fewer than 500 employees
- Any Private non-profits with exemptions under sections 510(c), (d) or (e)

II. Application Process:

- The loan form is found
at: https://www.sba.gov/sites/default/files/files/serv_da_all_loanapp_2_0_0_3.pdf

3. Emergency Economic Injury Disaster Grants.

- Business and non-profits eligible for EIDL program can receive a \$10,000 emergency grant
- Funds available within 3 days of application
- No obligation to repay
- Approved EIDL loan is not needed
- Grants available until December 31, 2020
- Apply online at www.SBA.gov/disaster



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