

CARES Act Assistance for Small Businesses

The recently passed Coronavirus Aid Relief & Economic Security (CARES) Act provides emergency assistance and health care response for individuals, families, and businesses affected by the 2020 coronavirus pandemic.

Within the act, the Federal government has allocated \$349 billion in relief for small businesses impacted by the COVID-19 pandemic.

Program Overview

- The relief funding is being run through the Small Business Administration's (SBA) existing Paycheck Protection Program
- The funding is structured as forgivable loans to help bridge employers through the shutdown caused by COVID-19
- The loans will be available during the designated emergency period, running from February 15, 2020 through June 30, 2020
- These funds are separate from the SBA's Disaster Loans

Who Qualifies?

- The program is open to employers, both for-profit businesses and non-profit organizations, with 500 employees or less (*some exceptions may apply for employers over 500 employees*)
- Borrowers must have been in business as of February 15, 2020 to be eligible for a loan

Loan Terms

- Maximum of \$10,000,000 is available per borrower with the loan amount dependent on the payroll of each borrower
- The amount available is equal to two and a half months of payroll, including health care premiums, up to the cap. Loans used to cover salaries of over \$100,000 are not eligible for forgiveness
- The amount of the loan is based on the average total payroll costs the company had the year before the loan is made
- SBA creditworthiness standards and personal guarantees/pledge of collateral have been relaxed under the bill
- Interest on the loans is capped at 4% and borrowers can defer payments for a period of not less than six months and not more than one year
- There are no SBA fees to apply for the loan & no prepayment penalty for any payment made on the loan
- Borrowers need to use the money for eligible purposes within two months of receiving the loan in order to be eligible for loan forgiveness

How to Apply

- Once the program is operational, businesses can apply for loans through their banks
- All FDIC insured financial institutions will be able to participate in the loan program

For more details please contact your local bank for assistance.