



Coronavirus Aid, Relief, and Economic Security (CARES) Act

Small Business Frequently Asked Questions

Q1. Will 501(c)(6) organizations receive assistance under the bill?

A1. No, the bill expands eligibility to 501(c)(3) nonprofits only.

Q2. Can a borrower double dip between an Economic Injury Disaster Loan (EIDL) and a new Paycheck Protection loan under the bill?

A2. Businesses will be able to receive an EIDL and a Paycheck Protection loan as long as they go for different things. For example, a business can receive an EIDL for working capital and a Paycheck Protection loan for payroll assistance. Additional flexibility is granted through no prepayment penalties on EIDLs and no prepayments penalties on Payment Protection loans. Additionally, a refinancing option has been included.

Q3. Under the bill, the maximum loan amount intended for payroll and operating costs for small businesses is the monthly payroll times 2.5 with a maximum cap of \$10 million. 2.5 times the average monthly payroll is not nearly enough money for small businesses.

A3. The bill is keeping the calculation at 2.5 times monthly payroll, earmarked to payrolls, etc. over 8 weeks, because that is what the \$350 billion will cover.

Q4. In the Paycheck Protection Program, are non-profits eligible, are churches eligible, are chambers of Commerce and physician practices eligible?

A4. Non-profits and churches designated as 501(c)(3) may participate in the Paycheck Protection Program. Physician practices are eligible, regardless of how they are structured (i.e. as an S-Corp, C-Corp, or sole proprietorship). Unfortunately, most trade associations (therefore most Chambers) are organized at 501(c)(6)s. They are not eligible to participate under the bill.

Q5. In the Paycheck Protection Program, can small businesses hire back employees they already fired and still have the loans forgiven? What is the hire back date?

A5. Yes. There is flexibility in the program to allow businesses to rehire folks they have laid off and still qualify. They simply need to be in business before February 15th and show the lender they have had employees on the payroll.

Q6. What are the exact steps for small businesses to access the capital? Where can I find the information? Is there a video or other form of assistance?

A7. The best place to go is your lender. The SBA and Treasury will be producing documents and instructional materials, but that takes time and your lenders would be the fastest way to get information.

Q8. How quickly will business be able to access loans?

A8. We are working with the SBA on capacity issues, including onboarding new lenders. The SBA is assuring us they will have things in place and that they are ready to stand up all of the requirements within the bill as quickly as possible. We will continue to press them to move expediently. The SBA is also moving at a faster rate, with the help of the resources Congress has provided them.



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Payment Protection Program and Loan Forgiveness

- The Payment Protection Program provides \$350 billion for 100 percent federally-guaranteed loans for 8 weeks of assistance to small businesses and 501(c)(3) nonprofits. Sole-proprietors, independent contractors, and other self-employed individuals are also eligible for these loans.
 - Loans can be forgiven when used for payroll costs, interest on mortgage obligations, rent, and utilities.
 - SBA-certified lenders and non-SBA lenders would be authorized to make Payment Protection loans. All lenders participating in the Payment Protection Program, including banks, credit unions, and other financial institutions will be moved to delegated authority which allows lenders to process loans quickly without SBA approval.
 - The Secretary of the Treasury would have authority to work with the SBA to expedite the approval process and bring new lenders into the program.
- Maximum loan amount for SBA Express loans, which require less documentation and less paperwork, is increased from \$350,000 to \$1 million through December 31, 2020.
- Automatic deferral payments for six months where the SBA pays principal, interest, and fees on all SBA loan products.

Entrepreneurial Development Programs

- Provides grants and funding to offer training, counseling, and assistance to small businesses affected by COVID-19.
 - \$240 million in grants to SBA resource partners, including Small Business Development Centers and Women's Business Centers.
 - \$25 million in grants for resource partner associations to provide online information and training.
 - \$10 million in funding for the Department of Commerce Minority Business Development Agency's Minority Business Centers.
- Allows for federal grant funds appropriated to the State Trade Expansion Program (STEP) in FY 2018 and FY 2019 to remain available for use through FY 2021.
 - Allows for state STEP participants to be reimbursed for events cancelled due to COVID-19, so long as the reimbursement amount does not exceed their federal grant amount.

Emergency Economic Injury Disaster Loan (EIDL) Grants

- Expedites access to capital for small businesses who have applied for an SBA EIDL. Businesses could request an advance of up to \$10,000 on the loan to provide covered leave, maintain payroll, and pay debt obligations.