

The Federal CARES Act

Federal Stimulus Actions to Help Small Business Weather the Coronavirus Pandemic



MAJOR PROVISIONS | IMPLEMENTATION | RESOURCES

Tom Sullivan

Vice President

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



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



@SmallBizPatriot

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)**



MAJOR PROVISIONS FOR EMPLOYERS

All Employers

- Tax Changes
- Employee Retention Credit

Larger Employers

- Loans, Loan Guarantees, Federal Reserve Credit Facilities

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

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



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 fewer than 500 employees
- Self-employed & independent contractors
- Up to \$2 million working capital loan up to 30-year term
- 3.75 % rate with payments deferred up to 1 year
- Loans based on credit scores; no tax returns required
- \$10,000 emergency grant within 3 days that does not have to be repaid
- Interacts with Paycheck Protection Program
- Apply through SBA.gov
- Note: Small businesses that applied before March 30th, go to SBA.gov and Re-Apply for the \$10,000 Emergency Grant

The screenshot shows the SBA Disaster Loan Assistance application process. At the top right, it displays 'OMB Control #3247-0406' and 'Expiration Date: 09/30/2020'. The main heading is 'Disaster Loan Assistance' with the subtitle 'Federal Disaster Loans for Businesses, Private Non-profits, Homeowners and Renters'. Below this is the title 'COVID-19 ECONOMIC INJURY DISASTER LOAN APPLICATION'. The process flow consists of five steps: 1. DISCLOSURES (highlighted with a blue circle), 2. BUSINESS INFORMATION, 3. BUSINESS OWNERS INFORMATION, 4. ADDITIONAL INFORMATION, and 5. SUMMARY (highlighted with a blue circle and a checkmark icon). At the bottom of the flowchart, it says 'STREAMLINED PROCESS REQUIREMENTS'.



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

Paycheck Protection Program

- \$349 Billion in loans for small business (generally less than 500 employees), 501(c)(3)s, self-employed, sole proprietors, and independent contractors
- Loans equal to the lesser of 2 ½ months of average payroll or \$10 million
- Loans by local and national lenders
- Minimal requirements (e.g. no collateral, no personal guarantee)
- Loans convert to grants equal to amount spent on payroll, rent, interest on mortgage, and utilities for the 8 weeks after origination
- 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 generally within 30 days and maintain through June 30



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

Paycheck Protection Program (PPP) BREAKING NEWS MARCH 31ST

- On Tuesday, March 31, 2020 the U.S. Department of Treasury released guidance for banks and borrowers
- Starting Friday, April 3rd, SBA 7(a) lenders can offer Paycheck Protection Program loans for small businesses
- Starting Friday, April 10th, SBA 7(a) lenders extend program to non-employer small businesses.
- Other lenders will be applying to SBA to participate. Ask your bank if they offer PPP loans.
- PPP loans have a 0.50% fixed rate and the loan is due in 2 years.



LEARN MORE ABOUT THE PAYCHECK PROTECTION PROGRAM

KEEP UP TO DATE

www.uschamber.com/c



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.



U.S. Chamber of Commerce
Small Business Policy



@SmallBizPatriot



Tom Sullivan

Vice President

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



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



@SmallBizPatriot