



Information on the Coronavirus Aid, Relief, and Economic Security Act

April 9, 2020

The U.S. Congress approved the Coronavirus Aid, Relief, and Economic Security (CARES) Act, and it was signed into law on March 27, 2020. The CARES Act has created and expanded a few different loan programs that may be an option for your business.

Payment Protection Program

The Paycheck Protection Program authorizes \$349 billion in no-fee small business loans.

Who can apply

Nonprofit and for-profit businesses with fewer than 500 employees¹, including the self-employed and **those that receive Medicaid funding**.

What it covers

Qualified payroll costs, rent, utilities, and interest on mortgage and other debt obligations.

What is the amount and interest

Businesses can borrow 2.5 times their monthly payroll expenses, up to \$10 million. The initial loan rate has been set at 0.5 percent, but the CARES Act caps the interest rate at 4 percent, so it is possible the interest rate could increase.

The program includes loan forgiveness covering costs for the first eight weeks of the loan for companies able to keep employees on payroll or continue paying bills throughout the coronavirus crisis.

How to apply

Businesses can start the application process and learn more from their bank or an approved lending institution. Loans are available until December 31, 2020.

¹ Or be no larger than "the size standard in number of employees established by the Administration for the industry in which the business concern, nonprofit organization, or veteran's organization operates". Loans cannot cover payroll costs for salaries in excess of \$100,000.

Economic Injury Disaster Loan

The CARES Act also expands eligibility for borrowers applying for an Emergency Economic Injury Disaster Loan (EIDL) grant.

Who can apply

Non-profits and for-profit businesses or cooperatives with fewer than 500 employees, sole proprietors or independent contractors, or Employee Stock Ownership Plans (ESOPs) with fewer than 500 employees.

How eligibility is expanded

The CARES Act waives requirements that (1) the borrower provide a personal guarantee for loans up to \$200,000, (2) that the eligible business be in operation for one year prior to the disaster, and (3) that the borrower be unable to obtain credit elsewhere.

What is the amount

Loans up to \$2 million are available. Borrowers may receive a \$10,000 emergency advance within three days after applying for an EIDL. Even if the application is denied, the applicant is not required to repay the \$10,000 advance.

What can it be used for

Payroll costs, increased material costs, rent or mortgage payments, or for repaying obligations that cannot be met due to revenue losses.

How to apply

Apply directly to the Small Business Administration (SBA). More detailed information is available on the [SBA's website](#). The SBA will disburse the funds within five days of receiving the executed loan closing documents.