



# Coronavirus Aid Relief and Economic Security (“CARES”) Frequently Asked Questions

The Small Business Administration has made billions of dollars available for businesses under **two different programs**. The first program is called the **Economic Injury Disaster Loan Program** which provides up to \$10,000 in an **emergency grant that does not have to be repaid** with a maximum loan amount of \$2 million per business. Apply here for the program: <https://covid19relief.sba.gov/#/> Congress also approved the **Paycheck Protection Program** which provides a **forgivable loan up to \$10 million per business** to help retain or rehire your employees. Visit [www.sba.gov](http://www.sba.gov) for a list of SBA lenders. Visit the SBA for more information: <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program-ppp#section-header-1> The program is open until June 30, 2020, however, apply now because there is a funding cap and lenders need time to process the loan.

## **1. Emergency Injury Disaster Loan (“EIDL”) Program**

<b>Who is eligible?</b>	Businesses with fewer than 500 employees, cooperatives, ESOPs, tribal small businesses with fewer than 500 employees, sole proprietors, independent contractors, and most private nonprofits.
<b>What are the loan terms?</b>	Maximum loan amount is \$2 million per business Interest Rate of 3.75% for businesses and 2.75% for nonprofits 30-Year repayment term; all payments are deferred for 12 months Any loan balance not forgiven is due in 2 years and there is no prepayment penalty. No collateral and no personal guarantee for loans less than \$25,000. Approval can be based on your credit score; first-year tax returns are not required
<b>How can I access the \$10,000 grant?</b>	Eligible applicants can receive a grant of up to \$10,000 within 3 days of filing an application.
<b>How do I apply?</b>	Go to <a href="http://www.SBA.gov/disaster">www.SBA.gov/disaster</a> to apply online. Request the \$10,000 grant as part of your application.



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## 2. Paycheck Protection Program (“PPP”)

### Who is eligible?

All businesses including nonprofits, veterans’ organizations, tribal business concerns, sole proprietorships, self-employed individuals, and independent contractors with 500 or fewer employees can apply. Businesses in certain industries can have more than 500 employees if they meet applicable SBA employee-based size standards for those industries.

### What are the loan terms?

Maximum Loan Amount is \$10 million with an interest Rate of 0.5%  
All payments are deferred for 6 months, any loan balance not forgiven is due in 2 years.  
A loan can be prepaid without penalty. No collateral and no personal guarantee are required.

### How can I use these loans?

Payroll costs, including benefits  
Interest on mortgage obligations, incurred before February 15, 2020  
Rent, under lease agreements in force before February 15, 2020  
Utilities for which service began before February 15, 2020.

### What are eligible payroll costs?

Salary, wages, commissions, or tips (capped at \$100,000 on an annualized basis for each employee) and state and local taxes assessed on compensation.

Employee benefits including costs for vacation, parental, family, medical, or sick leave; allowance for separation or dismissal; payments required for the provisions of group health care benefits including insurance premiums; and payment of any retirement benefit.

A sole proprietor or independent contractor can use this loan for wages, commissions, income, or net earnings from self-employment, capped at \$100,000 on an annualized basis for each employee.



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- How much can I request?** Loans can be for up to two months of your average monthly payroll costs from the last year plus an additional 25% of that amount. That amount is subject to a \$10 million cap. If you are a seasonal or new business, you will use different applicable time periods for your calculation. Payroll costs will be capped at \$100,000 annualized for each employee.
- How much of the loan is forgiven?** You will owe money when the loan is due **only if you use the loan amount for anything other than payroll costs, mortgage interest, rent, and utilities payments over the 8 weeks after getting the loan.** SBA anticipates that not more than 25% of the forgiven amount may be for non-payroll costs. An employee **must be maintained on your payroll to be eligible for loan forgiveness, and you can rehire employees furloughed as a result of COVID-19.**
- Will I owe money on the loan?**
- Number of Staff: Loan forgiveness will be reduced if you decrease your full-time employee headcount.
- Level of Payroll: Loan forgiveness will also be reduced if you decrease salaries and wages by more than 25% for any employee that made less than \$100,000 annualized in 2019.
- Re-Hiring: The deadline is June 30, 2020 to restore your full-time employment and salary levels for any changes made between February 15, 2020, and April 26, 2020.
- How do I request loan forgiveness?** A request can be submitted to the lender servicing the loan. The request will include documents that verify the number of full-time equivalent employees and pay rates, as well as the payments on eligible mortgage, lease, and utility obligations. You must certify that the documents are true and that you used the forgiveness amount to keep employees and make eligible mortgage interest, rent, and utility payments. The lender must make a decision on the forgiveness within 60 days.



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## **When can you apply?**

Starting April 3, 2020, small businesses with fewer than 500 employees and sole proprietorships can apply for and receive loans to cover payroll and other certain expenses through existing SBA lenders.

Starting April 10, 2020, independent contractors and self-employed individuals can apply for and receive loans to cover their payroll and other certain expenses through existing SBA lenders.

## **Where can I apply?**

Apply through any existing SBA lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating. Other regulated lenders will be available to make these loans once they are approved and enrolled in the program. You should consult with your local lender as to whether it is participating. Visit [www.sba.gov](http://www.sba.gov) for a list of SBA lenders.

## **How long with the program last?**

Although the program is open until June 30, 2020, we encourage you to apply as quickly as possible since there is a funding cap and lenders need time to process the loan.



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