



# THE SMALL BUSINESS OWNER'S GUIDE TO THE CARES ACT

The programs and initiatives in the Coronavirus Aid, Relief,  
and Economic Security (CARES) Act

## CARES ACT

The "Coronavirus Aid, Relief, and Economic Security Act" or "CARES Act" (H.R. 748) includes provisions specifically designed to help small businesses who have been impacted by the COVID-19 pandemic.

We summarize the two types of loans available through the Small Business Administration (SBA):

- Paycheck Protection Program (PPP) available under Section 7(a)
- Economic Injury Disaster Loans (EIDL)

In addition to the above loans, the CARES Act provides for the SBA to pay principal, interest and associated fees for a 6-month period on certain pre-existing loans guaranteed by the SBA.



## SOME QUICK STARTING POINTS

If you need capital to cover the cost of retaining employees: The **Paycheck Protection Program** might be right for you.

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If you need vital economic support to help overcome temporary loss of revenue: You should apply for **Economic Injury Disaster Loan**.

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If you need a quick advance on cash to cover you right now: The **Emergency Economic Injury Grant** may be the right choice.

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If you are worried about keeping up with payments on your current or potential SBA loan: The Small Business Debt Relief Program could help.

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We recommend you get started immediately and take advantage of assistance programs while funds are available. We're recommending you apply for both programs if eligible as you can use the two together, as long as the loans are not used to fund the same costs.

See below for an overview of the EIDL program and PPP.

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<b>ECONOMIC INJURY DISASTER LOAN (EIDL)</b>  SBA Application online	<b>WHERE TO APPLY</b>	<b>PAYCHECK PROTECTION PROGRAM (PPP)</b>  SBA approved banks, credit unions and some nonbank lenders
Up to \$2 million	<b>AMOUNT OF LOAN</b>	- 2.5 times average monthly payroll costs (not including independent contractor) incurred in 2019 - calculations can vary - not to exceed \$10 million
For- Profit 3.75%   Non-Profit 2.75%	<b>INTEREST RATE</b>	1%
Up to 30 years	<b>TERM</b>	2 years
12 months (interest accrues during deferment)	<b>DEFERRAL</b>	6 months (interest accrues during deferment)
<ul style="list-style-type: none"> <li>- Small businesses with less than 500 employees</li> <li>- Sole proprietors or independent contractors</li> <li>- Internationally owned business</li> <li>- Private nonprofit organizations</li> <li>- Small agricultural coops</li> <li>- Tribal small business concerns</li> <li>- ESOPS</li> </ul>	<b>WHO IS ELIGIBLE</b>	<ul style="list-style-type: none"> <li>- Small businesses with less than 500 employees, more in certain industries*</li> <li>- Sole proprietors, independent contractors and eligible self-employed individuals</li> <li>- Internationally owned business</li> <li>- 501 (c)(3) nonprofit organizations</li> <li>- 501 (c)(19) veterans organizations</li> <li>- Tribal small business concerns</li> </ul>
Fixed Debts, payroll and related benefits, accounts payable and other expenses that cannot be paid due to the current crisis	<b>USAGE</b>	Payroll and related benefits, Interest on mortgage payments or other debts, rents and utilities
Emergency grant up to \$10,000 (EIDL may be eligible to be refinanced into a PPP loan)	<b>LOAN FORGIVENESS AND GRANT</b>	<ul style="list-style-type: none"> <li>- Eligibility is based on specific requirements</li> <li>- Forgiveness available on a portion of the loan proceeds if employers retain employees during period</li> <li>- Forgiveness of non-payroll allowable expenses is limited to 25% of total forgiveness</li> </ul>
If available, will be taken on loans greater than \$25,000	<b>COLLATERAL</b>	No collateral from business/owners
Waives requirement on loans less than \$200k	<b>GUARANTEE</b>	None