

Federal Economic Assistance Packages for Small Businesses Impacted by COVID-19

Disclaimer: Ntiva, Inc. has collated existing information from various sources to provide a consolidated resource that contains information on Federal Economic Assistance Packages. This data is not intended to be considered legal or financial advice from Ntiva, Inc. Please consult with an appropriate professional if you require further assistance.

Summary of Handy Resources:

You will find these resources embedded throughout this document, but we're putting them front and center for easy access.

1. [Application Process for SBA's Economic Injury Disaster Loans](#)
2. [US Chamber of Commerce – Coronavirus Aid, Relief, and Economic Security Act of 2020 \(CARES\) Summary](#)
3. [Paycheck Protection Program Details \(CARES\)](#)

Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020

How does the law affect small businesses? This first phase of COVID-19-related relief legislation removed regulatory hurdles and authorized the SBA to provide an estimated US\$7 billion in low-interest disaster loans to small businesses. To enhance the process, the legislation provides SBA US\$20 million to cover its costs in connection with that effort.

SBA's Economic Injury Disaster Loan Basics

- **What businesses are eligible to apply?**
 - SBA's Economic Injury Disaster Loans (or working capital loans) are available to small businesses, small agricultural cooperatives, small aquaculture businesses and most private non-profit organizations
- **What is the criteria for a loan approval?**
 - Credit History. Applicants must have a credit history acceptable to SBA.

- Repayment. SBA must determine that the applicant business has the ability to repay the SBA loan.
- Eligibility. The applicant business must be physically located in a declared county and suffered working capital losses due to the declared disaster, not due to a downturn in the economy or other reasons.
- **How much can I borrow?**
 - Eligible entities may qualify for loans up to \$2 million. The interest rates for this disaster are 3.75 percent for small businesses and 2.75 percent for nonprofit organizations with terms up to 30 years.
- **How can I use the loan funds?**
 - These working capital loans may be used to pay fixed debts, payroll, accounts payable, and other bills that could have been paid had the disaster not occurred. The loans are not intended to replace lost sales or profits or for expansion.
- **SBA's Working Capital Loans are Different from Other SBA Loans:**
 - SBA's Economic Injury Disaster Loan (EIDLs) funds come directly from the U.S. Treasury.
 - Applicants do not go through a bank to apply. Instead apply directly to SBA's Disaster Assistance Program at: <https://disasterloan.sba.gov/ela/>
 - There is no cost to apply
- SBA Disaster Assistance Customer Service can be contacted at (800) 659-2955 (TTY: (800) 877-8339) or <mailto:disastercustomerservice@sba.gov>.

A very detailed step by step presentation on the application process with screenshots is available [here](#).

Families First Coronavirus Response Act

How does the law affect small businesses? The law requires employers with fewer than 500 employees to provide two weeks' worth of paid sick leave if employees are unable to work due to quarantine or isolation; are experiencing symptoms of COVID-19; or are caring for someone who is in quarantine or isolation and/ or have children in schools that have closed. Employers themselves will receive tax credits to offset the costs of providing this paid leave.

Coronavirus Aid, Relief, and Economic Security Act of 2020 (CARES)

Paycheck Protection Program – US\$350 Billion

- **What is this?**
 - Through section 7(a) of the Small Business Act, the SBA will administer forgivable loans of up to US\$10 million per company to provide cash-flow assistance to employers who maintain their payroll during this emergency, help workers remain employed and enable affected small business to snap back after the crisis.

- **Who is eligible?**
 - Businesses, start-ups, veteran organizations, and nonprofits with 500 employees or less or that meet the applicable size standard for the industry within which the organization operates and as provided by SBA, if higher;
 - Nonprofits receiving Medicaid reimbursements are not eligible.
 - For businesses with more than one location, if it employs 500 or fewer employees per physical location; has under US\$500 million in gross revenue; and falls within the “accommodation and food services” sector under the North American Industry Classification System (NAICS), the business is eligible for loans.
 - Sole proprietorships; and
 - Independent contractors.
 - For eligibility purposes, the bill requires lenders to, instead of determining repayment ability, which is not possible during this crisis, to determine whether a business was operational on February 15, 2020, and had employees for whom it paid salaries and payroll taxes, or a paid independent contractor.
- **What are the loan terms?**
 - The SBA Administrator may guarantee covered loans during the covered period (February 15, 2020 – June 30, 2020).
- **Loan amounts:**
 - The amount to be guaranteed is an amount equal to a factor of the average total monthly payroll costs in the one-year period before the loan is made or from February 15, 2019, through June 30, 2019, if the business did not exist last year X 2.5. For example, if average payroll was \$600,000 they would be eligible for a loan of \$1.5M (\$600,000 monthly ave payroll times 2.5)
 - Payroll costs are defined as the sum of all payments for compensation, including salary, wage, cash tips, paid time-off, severance, healthcare benefits, state or local taxes.
 - For sole proprietors or independent contractors, payroll costs are defined as the sum of all compensation payments, including wages, commissions or similar compensation capped at US\$100,000.
 - The maximum interest rate is set at 4%
- **What can the loan be used for?**
 - Paid sick, medical or family leave;
 - Costs related to continuation of group healthcare benefits during periods of leave;
 - Employee salaries;
 - Mortgage payments; and
 - Any other debt obligations.
- **Paycheck Protection Program – Loan Forgiveness**
 - An individual or entity that is eligible to receive a covered loan is eligible for forgiveness of indebtedness on that loan in an amount equal to the sum of the following costs incurred and payments made during **the 8-week period beginning on the date of the origination of a covered loan**
 - Payroll Costs
 - Any payment of interest on any covered mortgage obligation

- Any payment of a rent obligation made under a leasing agreement in force before 2/15/2020;
 - Any utility payment related to the distribution of electricity, gas, water, transportation, telephone or internet access for which service began before 2/15/2020.
- **Application Process**
 - You can apply for the Paycheck Protection Program (PPP) at any lending institution that is approved to participate in the program through the existing U.S. Small Business Administration (SBA) 7(a) lending program and additional lenders approved by the Department of Treasury, or
 - **Online Application:** <https://covid19relief.sba.gov/#/>

[Here](#) is a summary of the Pay Protection Program the US Chamber of Commerce has recently put together.

Additional Information including a Lender Match tool is included [here](#).