

Understanding the CARES Act for Small Businesses.

A practical guide to navigate the CARES Act + a list of financial relief options by state and county.

Small businesses across the U.S. are facing an unprecedented economic disruption due to the Coronavirus (COVID-19) pandemic. On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief and Economic Security Act (CARES), which contained \$376 billion in relief for American workers and small businesses. However, just weeks after the CARES Act was implemented, available funding for small businesses was depleted.

On April 21, 2020, the U.S. Senate approved \$480 billion in additional funding to help small businesses and hospitals hurt by the coronavirus outbreak, as well as other priorities like money for hospitals and expanded COVID-19 testing. Here's what the new agreement includes, according to news sources.

\$310 billion proposed for additional Paycheck Protection Program loans

The CARES Act established the “Paycheck Protection Program” to provide small businesses with the resources they need to maintain payroll, hire back employees, and cover applicable overhead costs. Implemented by the SBA and supported by the U.S. Department of the Treasury, **the PPP provides small businesses with funds to pay up to 8 weeks of payroll costs including benefits. Funds can also be used to pay interest on mortgages, rent, and utilities.**

The SBA is providing 100 percent federally-backed loans for certain payroll expenses through June 30, 2020. This program is intended to keep employees of small businesses on payroll despite shortened work hours and temporary closures. In addition, the PPP is offering loan forgiveness as long as these funds are used for:

- Payroll
- Rent
- Mortgage / interest on a mortgage
- Utilities

Small businesses should understand that forgiveness for a PPP loan offered by the SBA is not automatic. However, you can easily apply for forgiveness eight weeks after the date the loan is received. To qualify for forgiveness, 75% of these expenses must have gone towards payroll, so be sure to keep a paper trail of how the loan is spent for your business.

Who qualifies for the PPP?

Those eligible for a PPP loan must be:

- Sole proprietors or independent contractors
- Small businesses or non-profit 501(c)(3) organizations with 500 or fewer employees
- 501(c)(19) veteran’s organizations or tribal concerns that meet the SBA size standards; and
- Businesses in the food or hospitality industry
- Must be in business by February 15, 2020

There are a number of [lenders that will issue this loan](#), but they must be backed by the SBA.

\$10 billion proposed for additional Economic Injury Disaster Loans (EIDL)

This is an expansion of an existing program extending general relief to businesses facing financial hardship which includes a grant of up to \$10,000 in immediate funding. The grant will become available to the applicant three days after the date of approval, and does not have to be repaid so long as these funds are used for:

- Providing paid sick leave to employees unable to work due to the direct effect of the COVID-19 pandemic
- Maintaining payroll to retain employees during business disruptions or substantial slowdowns
- Meeting increased costs to obtain materials unavailable from the applicant's original source due to interrupted supply chains
- Making rent or mortgage payments
- Repaying obligations that cannot be met due to revenue losses as a result of COVID-19 pandemic

Who qualifies for an EIDL?

Those eligible for an EIDL must be:

- An individual who operates as a sole proprietorship with or without employees
- A small business, cooperative, ESOP or tribal business with 500 or fewer employees, or
- A private non-profit or small agricultural cooperative
- Your business must be directly affected by COVID-19
- Must be in business by January 31, 2020

Applications for an EIDL must be processed directly through the [SBA COVID-19 Disaster Relief Portal](#).

\$75 billion proposed for hospitals and health care providers

According to news sources, hospitals and health care providers would be appropriated \$75 billion to reimburse them for coronavirus-related expenses, such as buying additional personal protective equipment and expanding the number of beds they have. This additional funding would also compensate hospitals and providers that have lost revenue, mainly from the suspension of elective surgeries and procedures.

Please note: the additional federal funding is pending approval by the House and President Trump. This is merely an outline of the proposed new provisions and is subject to change.

To stay up to date on these programs, be sure to frequently check the following websites:

SBA – The ultimate resource for all COVID-19 related programs that the SBA is providing, including the Paycheck Protection Program, Economic Injury Disaster Loans and Emergency Grants, and Small Business Debt Relief.

Department of Treasury – An additional resource for more information on the Paycheck Protection Program, as well as other tax provisions meant to help employers, including non-profits.

Frequently asked questions about the CARES Act:

What are the credit requirements for these loans?

For EIDL loans, a personal credit check is required for owners with 20% or more ownership. A business credit report is standard for Disaster Loans. However, if your application is denied, you can still keep the \$10,000 grant if you received one. For PPP loans, no credit check is required.

Does a sole proprietor with one employee qualify?

Yes! Self-employed and independent contractors do qualify. But you can only apply for yourself. If you use an independent contractor, they need to apply for themselves.

Does a PPP loan cover employee medical expenses?

Yes! Employee medical expenses are included under payroll in the program.

If I get money today, do I have to use it today? How and when do I deploy the funds?

Each lender has discretion on when the loan funds, and lenders have until June 30, 2020 to fund the loan. In most cases you can be approved for the loan today without funding the loan today, but ultimately that is up to your lender.

Can I apply for a PPP loan through multiple lenders?

You sure can! Although you should first submit an application through your primary bank, it certainly doesn't hurt to apply through many lenders.

Should I worry about what I use the loan for?

As of now there is no guidance or restrictions on the usage of the funds so there is no need to worry about how you use your loan towards your business. If you're looking to receive loan forgiveness, it would be advised to stick to the guidelines for forgiveness as listed above.

Some additional COVID-19 relief options: Small business loan & grant programs by state

While the government works on appropriating additional financial relief options for small businesses, we have compiled a list of state and municipal relief programs your business can apply for today.

California

[IBank Disaster Relief Loan Guarantee](#)

The California IBank is offering a 95% guarantee on loans worth up to \$1 million to small businesses in declared disaster areas.

Los Angeles County

[Los Angeles Small Business Emergency Microloans](#)

Businesses located in Los Angeles County impacted by the coronavirus outbreak can apply for low-interest loans between \$5,000 and \$20,000. Repayment can range from 6 months to 5 years. Interest rates can be as low as 0% for 6-month terms.

[Employer Assistance Grant Fund](#)

Los Angeles County will provide local small businesses with 2 to 50 employees that have been impacted by the coronavirus pandemic with grants up to \$10,000. Applications are limited to 150 and offered on a first come, first serve basis. Currently accepting waitlist applicants.

Santa Barbara and Ventura County

[Women's Economic Ventures Quick Response Loans](#)

Women's Economic Ventures is offering local small businesses impacted by COVID-19 up to \$10,000 in hardship loans with 4.5% interest rates and 36-month term. First payment is deferred for three months.

Solano County

[COVID-19 Layoff Aversion Fund](#)

The Workforce Development Board (WDB) of Solano County is issuing grants to help businesses with fewer than 500 employees in the county to avoid layoffs. Applicants must demonstrate a need for layoff aversion support due to the impacts of COVID-19.

South County

[South County No-Interest Loans for Local Restaurants](#)

South County is providing 0% interest loans of \$5,000 to local restaurants impacted by the coronavirus outbreak.

Stanislaus County

[Stanislaus County Bridge Funding](#)

The Stanislaus County Department of Workforce Development will issue \$1 million in micro-grants to local businesses with up to 50 employees that have experienced financial hardship due to the COVID-19 pandemic.

Florida

St. Petersburg

[Fighting Chance Fund](#)

The city of St. Petersburg is offering up to \$5,000 in grants to small businesses located in the city with 25 or fewer employees that have been negatively impacted by the COVID-19 pandemic.

Illinois

[Illinois Small Business Emergency Loan Fund](#)

The Illinois Illinois Department of Commerce and Department of Financial and Professional Regulation will offer small businesses low interest loans of up to \$50,000 outside the City of Chicago. To apply businesses must have fewer than 50 workers and less than \$3 million in revenue in 2019. Successful applicants will owe nothing for six months and will then begin making fixed payments at a below market interest rate for the remainder of a five-year loan term.

[Downstate Small Business Stabilization Program](#)

Small businesses of up to 50 employees have the opportunity to partner with their local governments to obtain grants of up to \$25,000 in working capital. These grants will be offered on a rolling basis.

Chicago

[Chicago Small Business Resiliency Fund](#)

Chicago small businesses (defined as earning less than \$3 million a year and fewer than 50 employees) can apply for up to \$50,000 low-interest loans if they've experienced at least a 25% drop in revenue due to the coronavirus outbreak.

New York

Jefferson, Lewis, St. Lawrence, Clinton, Essex, Franklin and Hamilton Counties

[COVID-19 Emergency Business Relief Program](#)

The North Country Alliance is offering up to \$25,000 in 5% interest loans to small businesses impacted by the coronavirus pandemic.

New York City

[NYC Small Business Continuity Loan Fund](#)

New York City has established a program for businesses with fewer than 100 employees who have seen sales decreases of 25% or more will be eligible for zero interest loans of up to \$75,000 to help retain employees and ensure business continuity.

North Carolina

[North Carolina COVID-19 Rapid Recovery Loan](#)

North Carolina is offering up to \$50,000 in bridge loans for businesses impacted by COVID-19 intending to secure loans from the SBA. Loans come with six months of no interest and no payments, followed by 48 months of principal and interest payments at 5.5% interest.

Buncombe County

[One Buncombe Fund](#)

Businesses physically and principally located in Buncombe County that have experienced at least 25% drop in revenue because of COVID-19 can access low-interest loans. Loans are up to \$10,000 with no payment due for the first six months. Must have fewer than 50 full- and part-time employees and also agree to provide impact data.

Ohio

Muskingum, Perry, Morgan and Coshocton Counties

[Appalachian Growth Capital Loans](#)

Appalachian Growth Capital, LLC is overseeing a fund of loans for small businesses with fewer than 500 employees that have experienced disruption due to the COVID-19 outbreak. Loans can go up to \$100,000.

Pennsylvania

[PA Cares Initiative](#)

Five regional banks signed on to the PA Cares initiative, which requires banks to commit to the following steps: Expansion of small and medium business loan availability; 90-day grace period for mortgages; 90-day grace period for other consumer loans such as auto loans; 90-day window for relief from fees and charges such as late, overdraft fees; foreclosure, eviction, or motor vehicle repossession moratorium for 60 days; and no adverse credit reporting for accessing relief on consumer loans.

[Emergency Ag Assistance Grants](#)

The Giant Company is working with Team Pennsylvania to provide an emergency grant program to support farms, processors, and other small food businesses in Pennsylvania's food supply chain impacted by the ongoing COVID-19 pandemic. Any small business of 250 employees or less involved in growing, making, or processing food within the Commonwealth of Pennsylvania. Maximum award amount of \$15,000 per business. Applications close April 24, 2020.

Texas

[LiftFund Disaster Relief 2020 Loan Program](#)

LiftFund has a disaster relief loan for small businesses up to \$50,000 with up to 120-day payment deferment. Loans are available for new clients and for current clients.

Virginia

[Virginia 30-Day Fund](#)

Pete and Burson Snyder have established a \$100,000 fund to distribute up to \$3,000 in forgivable loans to businesses with three to 30 employees that are impacted by the coronavirus pandemic.

As a nation, we are still in the middle of the current public health crisis, but additional economic relief is on the way. The government is currently working on a second stimulus package to provide small businesses with hundreds of billions of dollars. Demandforce will do our best to keep our customers up to date on available relief options as they develop.

About Demandforce

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