

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

Small Business Frequently Asked Questions

March 26, 2020

Q. Will 501C6 organizations receive assistance under the Senate proposal?

A. No, the Senate expands eligibility to 501c3 nonprofits only.

Q. Are borrowers allowed to use both the Economic Injury Disaster Loan (EIDL) and a new Paycheck Protection loan at the same time under the Senate proposal?

A. Both plans can be used by businesses as long as they seek support for different things. A business can request an EIDL loan for working capital and also request a Paycheck Protection loan for payroll assistance at the same time. Flexibility is also granted through no prepayment penalties on EIDL and no prepayment penalties on Payment Protection Loans. A refinancing option has also been included.

Q. Why is the maximum loan amount for payroll and operating costs for small businesses the monthly payment time 2.5 with a maximum cap of \$10 million? That is not nearly enough.

A. the \$350 billion package will cover cost based on a calculation of 2.5 times monthly payroll, earmarked to payrolls, etc. over 8 weeks. That is how the Senate calculated the program.

Q: Are non-profits, churches, Chambers of Commerce and physician practices eligible under the Paycheck Protection Program?

The Paycheck Protection Program designates non-profits and churches as a 501c3 and they are eligible to participate. Physician practices are eligible regardless of how they are structured. Most trade associations, including Chambers, are organized at 501c6's and they are not eligible to participate under the Senate Bill.

Q: Can employees be hired back if they were already fired and still have the loans forgiven under the guidelines of the Paycheck Protection Program? What is the hire back date?

A. There is flexibility in the program to allow businesses to rehire folks they have laid off and still qualify. The answer is yes. Businesses need to have been in business before February 15th and show the lender that have had employees on the payroll.

Q. Where can information be found on the exact steps for a small businesses to access the capital?

A. The SBA and Treasury will be producing document and instructional materials but that takes time so your lenders would be the fastest way to get information.

Q. How quickly will businesses be able to access loans?

A. All relevant parties are working to ensure the new process and assistance will be ready to go as quickly as possible. The SBA is working diligently on capacity issues and onboarding new lenders.

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