

The **Coronavirus Aid, Relief, and Economic Security (CARES) Act** is a \$2.2 trillion relief bill that was passed in response to the detriments caused by COVID-19. The CARES Act offers, with the help of the Small Business Administration (SBA), forgivable loans for small businesses that have been struggling as a result of mass quarantine and other coronavirus related closures or losses.

One of the key provisions of the act provides **up to \$350 billion in forgivable loans** for qualifying small businesses and non-profits to use towards payroll, rent and utilities, and other payments that would have been possible if not for the pandemic.

### IMPORTANT INFORMATION:

#### Economic Injury Disaster Loans (EIDL)

- » **Loan amount:** up to \$2 million
- » **Rates:** 3.75% (2.75% for private non-profits)
- » **Term:** 15 or 30 years based on business's repayment ability
- » **Repayment Period:** 10 years
- » **Loan Fees:** No cost to apply for these loans
- » **Eligible businesses:** Small businesses and some sole proprietorships and non-profits
- » **Tax returns only required for loans over \$500K**
- » **Personal Guarantee:** Only for loans \$200,000+
- » **Collateral Requirements:** Yes, for loans \$25,000+
- » **Payment deferrals:** 1 year

#### Paycheck Protection Program Loans (PPP)

- » **Loan amount:** up to \$10 million
- » **Rates:** 1% on balance after amount forgiven
- » **Repayment Period:** 2 years on balance not forgiven
- » **Loan Fees:** No cost to apply for these loans
- » **Eligible businesses:** Small businesses and some sole proprietorships and non-profits
- » **Personal Guarantee:** No
- » **Collateral Requirements:** No
- » **Payment deferrals:** At least 6 months

Apply through the **SBA Disaster Application Portal:** <https://covid19relief.sba.gov>. Create a username and password, and save the application as completed. For help filling out the appropriate forms, contact Small Business Development Corporation (SBDC) office: <https://americassbdc.org>.

There is a \$10,000 advance for the Disaster SBA 7(b) loan, the SBA must distribute within 3 days, and if denied, you do not have to repay the advance. These additional disaster loans (7b) are for other expenses and business operations, ones not related to payroll, rent, mortgage interest, and utilities.

### ADDITIONAL INFORMATION:

- » You can amend your tax returns from 2018, 2019, 2020 and get a refund instead of a carryforward going back up to 5 years.
- » You can defer payment of all payroll taxes over 2 years. 2020 payroll taxes paid 50% by the end of 2021 and 50% by the end of 2022.
- » Get Tax Rebate Of \$2,400 (Married), \$1,200 (Individual)
- » Tax returns only required for loans over \$500K
- » No penalties for borrowing from retirement funds (up to \$100K)
- » Must be COVID-19 related

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