

CARES ACT KEY INFORMATION FOR BUSINESS OWNERS



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prepared by the University of St. Francis,
in cooperation with the Joliet Region Chamber of Commerce, for the benefit of our local community

Note: The information provided is has been compiled from various public information sources listed below, is preliminary and for informational purposes only; accuracy cannot be guaranteed. Readers should consult their professional advisors for detailed and specific guidance. Full information, when available, can be found at www.sba.gov.

Payment Protection Program Loan Information:

- The small business-focused portion of the CARES Act is called the Paycheck Protection Program (“PPP”) which indicates a primary objective of the program is help keep small business employers solvent so they can avoid layoffs and/or rehire laid-off employees.
- Emergency Paycheck Protection Programs (“PPP”) loans are made by banks and other SBA lenders with a guarantee from the federal Small Business Association (“SBA”) under the SBA 7(a) program.
- Business owners should contact their bank or other SBA approved lender; as always be mindful of cybercriminals and cyber scams. Banks that are SBA Preferred Lending Partners (“PLP”) may be able to process and approve your loan more quickly.
- Businesses with fewer than 500 employees are eligible; eligibility also extends to 501(c)(3) non-profits, sole proprietors, independent contractors, and self-employed individuals.
- The size of the loan can be up to 2.5 times the borrower’s average monthly payroll costs incurred in January and February 2020.
- Maximum loan amount is \$10 million; loans under \$1 million may be eligible for SBA Express Loan
- There is no collateral requirement; loans are non-recourse - the business owners are not personally liable for the loan.
- Loans can be for as long as 10 years; maximum interest rate will be 4%.
- Loans are 100% guaranteed by the SBA; the lender will make the loan but not incur risk of loss.
- A portion of the loan may be forgiven and will not need to be repaid if the borrower avoids layoffs and/or recalls previously laid-off employees. The amount forgiven will be based on certain business costs spent during the 8 weeks beginning on the day of origination of the loan. Costs may include payrolls costs, rent/lease/mortgage costs, and utility costs. The amount forgiven is not considered taxable income.
- The CARES Act also includes benefits for existing SBA 7(a) loans which may include the SBA covering 6 months of loan payments.
- In addition to the PPP loan program, the Economic Injury Disaster Loan (EIDL) program is available directly from the SBA but may impact eligibility for a PPP loan (no “double dipping”); Illinois also has some programs that can be found at <https://www2.illinois.gov/dceo>.
- Consult your lender and www.sba.gov for additional details.

Other Aspects of the Cares Act:

- Created a tax credit for retaining employees; the credit may be up to \$5,000 per employee; please consult your tax advisor for additional information.
- Allows for delayed payment of the employer portion of social security payroll tax payments.
- The CARES Act modified the previously enacted FFCRA (Families First Coronavirus Response Act) which mandates 10 weeks of paid FMLA (subject to compensation limits) and 80 hours of paid sick leave (subject to limitations) during 2020; employers may receive a tax credit/rebate for the amount spent on FMLA and paid sick leave. Please consult your tax advisor for additional information.

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Helpful Links:

- https://www.uschamber.com/sites/default/files/023595_comm_corona_virus_smallbiz_loan_final_revised.pdf
- <https://www.sba.gov/funding-programs/loans/lender-match>
- https://www.sba.gov/sites/default/files/articles/Active_Lenders_in_Illinois_5_30_2019.pdf
- <https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources>
- <https://www.uschamber.com/co/start/strategy/cares-act-small-business-guide>
- <https://www.uschamber.com/co/start/strategy/federal-small-business-stimulus-aid-programs-guide>
- <https://www.score.org/coronavirus>
- <https://www.sba.gov/funding-programs/disaster-assistance>
- <https://www.uschamber.com/co/run/business-financing/sba-disaster-assistance-loans-guide>
- <https://jolietchamber.com/2020/03/covid-19/>
- <https://www2.illinois.gov/dceo/SmallBizAssistance/Pages/EmergencySBAInitiatives.aspx>
- <https://www.uschamber.com/co/start/strategy/families-first-coronavirus-response-act-guide>



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