

We have a resource to help! Send your business name, number of employees, annual revenue, contact information (name, number and email) to coronaSBAhelp@shepherdins.com.

The Senate Passed the CARES Act 96-0

Next step is to the House and then to the President for signature.

If your business has been or will be substantially affected by the COVID-19 crisis it is important to consider all available avenues to sustain the business now and for the future. Key provisions of the proposed CARES ACT may offer much needed financial assistance. There are now two loans available to assist you through this crisis - the Economic Disaster Loan Program (EIDL) and the Paycheck Protection Loan (PPL) as provided for in the CARES Act passed by the Senate on March 25, 2020. It is important to know that the language is proposed legislation at this point. Consistent with an offensive approach, it is also important that you are ready to act when the final version becomes law.

The proposed relief package now allows for two separate loans both backed by the SBA:

Economic Injury Disaster Loan Program (EIDL) - this is the historical disaster loan

- This is already in place and available
- Application is made directly to SBA - there is no banking partner
- For businesses with less than 500 employees, sole proprietorships, co-ops and ESOP's with less than 500 employees.
- No personal guarantee if loan amount is less than \$200k
- Working capital loans of up to \$2M.
- Business must have been in operation as of January 31, 2020
- May be approved on credit score alone
- An advance of up to \$10k can be requested from the Administrator within three days of application. Advance does not have to be repaid if applicant is turned down for a loan.
- Appropriation to EIDL is \$10B.
- Funds may be used for providing sick leave to employees, maintaining payroll to retain employees, meeting increased costs due to interrupted supply chains, making rent or mortgage payments and repaying obligations that cannot be met due to revenue losses
- Funds may be used to service debt on other SBA loans for six months if debt incurred prior to enactment of the bill

Paycheck Protection Loan (provision of the proposed CARES ACT) PROPOSED

- Administered by SBA preferred commercial lenders in the same manner as the traditional SBA 7(a)
- No guarantee by borrower/no collateral needed
- No fee to borrower
- May qualify for forgiveness
- Amount not forgiven payable over 10 years - interest rate shall not exceed 4%
- Who qualifies:
 - For profit business even if self-employed
 - Private Non-profit
 - Public Non-profit
 - Greater of
 - 500 employees or less including full-time, part-time or other basis
 - Employee count does not exceed the standard size of a company in such industry
 - Businesses with more than 500 employees as long as:
 - No physical location has more than 500 employees and
 - NAICS Code beginning with number 72 - accommodation and Food Services
 - Restaurants and other eating facilities
 - Drinking places
 - Special Food Services
 - Traveler Accommodations i.e. Hotels and Motels
- Borrower must make a good faith certification as follows:
 - The uncertainty of current economic conditions makes it necessary for the loan request to support ongoing operations
 - Acknowledge that funds will be used to retain workers and maintain payroll or make mortgage, lease and utility payments

For additional information, Contact Us at 317.846.5554