



## CARES Act: Emergency Funding and Relief for Small Businesses Affected by COVID-19

In the Coronavirus Aid, Relief, & Economic Security (CARES) Act signed into law on March 27, 2020, Congress dedicated funding to small businesses in an effort to prevent layoffs and business closures. This Payment Protection Program provides \$349 billion in federally guaranteed loans to small business and 501 (c)(3) nonprofit organizations to be administered by the Small Business Association (SBA).



### Key Takeaways

- 1 \$350 Billion in forgivable loans will be made available to small businesses impacted by the coronavirus
- 2 Funds will be disbursed via SBA loans available for application with local banks
- 3 The forgivable amount is subject to reduction if there is a workforce reductions or reduction in the salary or wages of employees

### Who is eligible to apply?

- Small businesses or 501(c)(3) with fewer than 500 employees—including all employees (full-time, part-time, and any other status)
- Individuals operating as sole proprietors, independent contractors, or self-employed

### What support does the CARES act provide to small businesses?

- 100% federally guaranteed loans to small business who maintain payroll during the coronavirus emergency
- Available loan amount can be up to 2.5 x average monthly payroll cost, not to exceed \$10M
- Borrowers are eligible to have their loans forgiven
  - > Amount of loan forgivable based on the 8-week period from date of loan origination
  - > Loan proceeds are to be used for working capital to support labor costs, mortgage interest, rent, utilities, and interest on debt existing prior to February 15, 2020
  - > Amount of loan forgiveness is reduced if there is a reduction in the number of employees or a reduction of greater than 25% in wages paid to employees
  - > Reductions in employment or wages that occur during the period beginning on February 15, 2020, and ending 30 days after enactment of the CARES Act, shall not reduce the amount of loan forgiveness IF by June 30, 2020 the borrower eliminates the reduction in employees or reduction in wages.
  - > Any amounts not forgiven will be repaid at an interest rate capped at 4%

### How do I submit an application for my business?

- Applications will be available with SBA-approved lenders
- Lenders anticipate they will be ready to begin accepting applications by Wednesday, April 1 and hope to fund the loans within 48 hours
- Lenders serving SBA's Hawaii District can be found at [SBA.gov](https://www.sba.gov)