

COVID-19 RELATED FINANCIAL RELIEF OPPORTUNITIES FOR SMALL BUSINESSES

In response to the economic distress resulting from COVID-19, Congress has passed a number of stimulus bills providing financial relief for small businesses. The programs created by these stimulus bills are available to a variety of small businesses, both within and outside the health care sector, including independent physician groups, home health agencies, dental offices, other health care entities that qualify as small businesses, restaurants, retail stores, etc.

1. Small Business Administration ("SBA") Economic Injury Disaster Loan ("EIDL") Program

- Under the Coronavirus Preparedness and Response Supplemental Appropriations Act which was passed on March 6, 2020, Congress allocated roughly \$7 Billion to the SBA to provide loans to small businesses in response to the Coronavirus outbreak.
- These loans feature low-interest rates for businesses suffering substantial economic injury as a result of COVID-19.
- EIDLs are available for (1) small businesses (as measured according to the SBA's [table of size standards](#)); (2) small agricultural cooperatives; and (3) most private nonprofit organizations.
- Interest rates do not exceed 4% per year. Additionally, the loans are meant to be long-term - up to 30 years.
- Each business may receive up to \$2 Million based on the SBA's assessment of the business's actual economic injury and financial need.
- Businesses must be experiencing substantial economic injury as a result of COVID-19. This means the business cannot meet its obligations to pay ordinary and necessary operating expenses.
- The SBA advises that their [online](#) application is the fastest method of application. More information about the application process and required documentation can be found [here](#).

2. Small Business Exemption to Families First Coronavirus Response Act ("FFCRA") Requirements

- FFCRA put requirements on certain employers to expand paid family and medical leave policies if an employee is unable to work for reasons related to COVID-19.
- However, small businesses with fewer than 50 employees may qualify for exemption from these expanded leave requirements if the imposition of the leave requirements would jeopardize the viability of the business as a going concern.
- For greater detail regarding these exemptions, please see the following [article](#) we posted earlier this month on March 24, 2020.

3. The Coronavirus, Aid, Relief, and Economic Security Act ("CARES Act")

- The CARES Act was signed into law on March 27, 2020. The CARES Act injects a historic \$2 Trillion into the United States economy and helps to provide financial support for small businesses affected by the COVID-19 pandemic, including \$350 Billion that is specifically dedicated to loan guarantees and loan subsidies to small businesses to prevent layoffs and business closures while workers have to stay home during the COVID-19 outbreak.
- **Paycheck Protection Program.** The CARES Act authorizes the Paycheck Protection Program to be administered through the SBA:
 - *Eligible Individuals* include businesses, nonprofit organizations or veteran organizations that employ not more than 500 employees and also include some individuals such as sole proprietorships, independent contractors and certain self-employed individuals.
 - *The maximum loan amount* under this program is \$10 Million.
 - *The SBA turnaround time* is 5-10 business days.
 - *Allowable uses* include payroll costs, costs related to the continuation of group health care benefits, employee salaries and compensation, mortgage and rent payments, utilities and interest on other debts incurred during the covered period (February 15,

2020, to June 30, 2020).

- *Collateral:* Lenders are not required to take collateral for loans up to \$25,000. Loans in excess of \$25,000 may require collateral and be subject to other requirements.
- *Lenders:* The loans will be available through the SBA and other approved banks, credit unions and some nonbank lenders.
- *Certification:* Borrowers must make a good faith certification that (a) the uncertainty of current economic conditions makes it necessary for the loan request to support ongoing operations; and (b) the loan proceeds will be used (i) to retain workers and maintain payroll; or (ii) to make mortgage, lease and utility payments.

■ **Emergency EIDL Grants.** The CARES Act further authorizes Emergency EIDL grants for small businesses with 500 employees or fewer. The grants shall be for amounts up to \$10,000 and are to be used for payroll costs, costs related to the continuation of group health care benefits, employee salaries and compensation, mortgage and rent payments, utilities and interest on other debts incurred during the covered period (February 15, 2020, to June 30, 2020).

■ **Loan Forgiveness.** The CARES Act provides for small business loan forgiveness under certain circumstances and also requires lenders to provide “impacted borrowers” adversely affected by COVID-19 complete payment deferment relief on a covered loan for not more than 1 year if the borrower was in operation on February 15, 2020, and has an application for a covered loan approved or pending approval on or after the date of enactment.

■ **Additional Programs.** The CARES Act also injects an additional:

- \$10 Billion to be appropriated to the SBA to continue to provide EIDLs to qualifying small businesses;
- \$17 Billion to be appropriated to the SBA to continue to provide business loans to qualifying small businesses; and
- \$265 Million to be appropriated to the SBA to provide Entrepreneurial Development Programs.

We are actively monitoring the rapidly evolving developments relating to the EIDLs, the FFCRA, the CARES Act and the various financial resources available to small businesses. We will provide you with updates as they become available. Please refer to Hall Render’s **COVID-19 Resource Center** and hotline at 317-429-3900 for any questions, as well as up-to-date information regarding the virus. If you have any questions on the issues discussed in or related to this article, please contact:

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