



CARES ACT Title I

- Keeping workers paid and employed act
 - Updated April 1, 2020

CARES Act Programs

Florida Small Business Emergency Bridge Loan Program

- The bridge loan program, managed by the Florida Department of Economic Opportunity, will provide short-term, interest-free loans to small businesses that experienced economic injury from COVID-19.
 - Small business owners with 2-100 employees located in Florida affected by COVID-19 can apply for short-term loans up to \$50,000.
 - Businesses interested in the bridge loan program must fill out a bridge loan application. For more information on the program, visit <https://floridadisasterloan.org/>.

SBA Disaster Assistance Loans for Small Businesses

- SBA's Economic Injury Disaster Loans offer up to \$2 million in assistance for a small business. These loans may be used to pay fixed debts, payroll, accounts payable and other bills that can't be paid because of the disaster's impact.
 - These loans may be used to pay fixed debts, payroll, accounts payable and other bills that can't be paid because of the disaster's impact. The interest rate is 3.75% for small businesses without credit available elsewhere; businesses with credit available elsewhere are not eligible. The interest rate for non-profits is 2.75%. Payments are waived for 1 year.
 - Apply at www.SBA.gov/disaster

SBA 7a Paycheck Protection Program (CARES Act signed into law 3/27/20)

- The [CARES Act](#) provides \$350 billion to fund a new loan program within the Small Business Administration's (SBA) 7(a) program known as the Paycheck Protection Program (PPP).
 - No personal guarantee or collateral required, and payments can be deferred for at least 6 months but no more than 1 year.
 - Max 4% interest rate (on remaining proceeds if not forgiven) and max 10-year term
 - Max loan amount will equal 2.5 x your average monthly payroll costs during the 12-month period preceding the loan

CARES Act simplified

- **Intention:** Help business owners impacted by the Coronavirus to retain / rehire employees
- **Process:** CARES Act signed into law Friday March 27, 2020
 - SBA has 15 days from then to provide details on how program will be administered
 - FDIC financial institutions that have delegated authority from the SBA will be deputized to administer the program.
- **Loan Amount:** Up to 2.5Xs the business monthly payroll costs (including health care and other benefits)
 - Plus – any outstanding loan under subsection (b) (2) of Title 1 – EIDL provided applied for by Mar 27,2020
 - Up to a maximum of \$10,000,000
- **Forgivable amount:** Payroll costs, Rent or Mortgage Interest, and Utilities for the 8-week period from date of loan origination; provided business retains or rehires employees at same wages.

Who qualifies?

- **Any business concern, non-profit organization, veterans organization, or tribal business that employs not more than the greater of -**
 - 500 employees
 - Size standard in number of employees established by SBA for the industry (NAICS)
- **Sole proprietorships, independent contractors and eligible self-employed individuals**
- **Other provisions for affiliates of large companies and companies with multiple locations**

How is the loan amount determined

- **For business that were operating as of February 15, 2019:**
 - Average monthly payroll during the 12 months before the date on which the loan is made.
Multiplied 2.5 Xs
Plus (+)
 - Outstanding loan under subsection (b)(2) of Title I – EIDL provided applied for as of Mar 27, 2020
- **Special Provisions exist for**
 - Seasonal businesses and for
 - Business less than 1 year old
- **Maximum Loan amount - \$10,000,000 (the lesser of)**

What Payroll costs includes?

- Salary, wage, commission
- Cash tips
- Vacation, parental or FMLA
- Allowance for dismissal or separation
- Group health benefits payments
- Retirement benefits
- State and Local Payroll taxes

(eliminated Subcontractors and Independent Contractors per changes from SBA)

What is excluded from payroll costs?

- Compensation of individual in excess of \$100,000 annually as prorated over the covered period
- Taxes imposed or withheld under chapters 21,22, or 24 of IRS code of 1986
- Compensation of employee whose principal residence is outside US
- Qualified sick leave wages allowed under sect. 7001 of the FFCRA (Public Law 116-127)
- Qualified family leave wages for which a credit is allowed
- Under section 7003 of FFCRA

How can I use the money from the loan?

- Payroll costs
- Group health benefits
- Salaries, commissions, similar compensation
- Interest on mortgage obligation (exclude prepayment of principal)
- Rent
- Utilities
- Interest on any other debt obligation incurred before covered period (Feb 15, 2020)
- Refinance loan made under subsection (b)(2) of this ACT during the period Jan 31, 2020 and date of covered loan

What are the requirements for the loan?

- **Must work through an approved FDIC financial institution or other approved lender that has SBA delegated authority**
- **Must have been in operation by February 15, 2020**
- **Had employees for whom borrower paid salaries and payroll taxes**
- **Provide a good faith certification that:**
 - Uncertainty of current conditions necessitate the need for the loan
 - Funds will be used to retain workers and maintain payroll or mortgage interest or lease payment and utility payments
 - Recipient has not and will not apply for another loan for the same purpose nor duplicative amounts.
 - From Feb 15, 2020 through Dec 31, 2020 recipient has not received amounts under this subsection for same purpose or duplicative amounts.

Are there requirements for collateral & How about personal guarantees?

- **Provided that the funds are used exclusively for allowable purposes...**
 - The loan is non-recourse as against any individual, shareholder, member, or partner of eligible recipient for non-payment.
 - Waiver of personal guarantee requirement
 - No collateral requirement

I understand that the loan is forgivable

- The expected forgiveness amount is an amount equal to the sum of the following for costs incurred during the 8-week period beginning on the date of the covered loan.
 - Payroll Costs
 - Payments of interest on any covered mortgage obligation (shall not include prepayment of or payment of principal on a covered mortgage obligation)
 - Payments on any covered rent obligation
 - Covered utility payments

What is meant by covered?

- **Covered Mortgage Obligation** - indebtedness or debt instrument incurred in the ordinary course of business that
 - is a liability of the company
 - is a mortgage on real or personal property
 - was incurred before Feb 15, 2020
- **Covered Rent Obligation** - means the rent obligated under a leasing agreement in force before Feb 15, 2020
- **(5) Covered Utility Payment** means payment of a service, for which service began prior to February 15, 2020 for the distribution of
 - electricity
 - gas
 - water
 - transportation
 - telephone
 - internet access

Are there any other requirements : YES

- You must retain or rehire the employees that you had during the covered period depending if you have been in business for more than a year, are a seasonal business or started a new business by January 1, 2020.

Reductions to forgivable amount – FTE / Wages

- The maximum forgivable loan amount will be reduced based on the percentage reduction in either FTE or Wages during the covered period.

8-week Period

$$\frac{\text{Payroll Cost} + \text{Mortgage Interest} + \text{Rent} + \text{Utilities}}{\text{Maximum Forgivable Loan}} \times \frac{\text{*FTE covered period}}{\text{* FTE - February 15, 2019 - June 30, 2019}} \quad \text{OR} \quad \frac{\text{*FTE covered period}}{\text{* FTE - January 1, 2020 - February 29, 2020.}}$$

*FTE= Average Monthly.

What documentation will be required to support the forgivable amounts?

- **Documentation verifying the number of FTE employees on payroll and payrate for the period described in subsection (d) including**
 - Payroll tax filings reported to IRS
 - State income, payroll and unemployment insurance filings
- **Documentation verifying payment on covered mortgage obligations, covered lease and covered utilities, including**
 - Cancelled checks
 - Payment receipts
 - Transcripts of accounts
 - Other documentation

What documentation will be required to support the forgivable amounts?

- **Certification – from representative of eligible recipient authorized to make such representation that**
 - documentation is true and correct
 - amount of forgiveness was used to
 - retain employees
 - make interest payments on a covered mortgage
 - make payments on a covered rent obligation
 - make payments on covered utility
- **Any additional documentation SBA deems necessary**