

CARES ACT/FEDERAL PAYCHECK PROTECTION PROGRAM

Q. What funding will be available under this law?

A. United States Small Business Administration will oversee **forgivable loans** made by SBA-certified lenders to businesses with fewer than 500 employees, and loans must be made before June 30, 2020.

Q. Are these loans available as of today?

A. The PPP loan program is still being rolled out and is not live yet (further details/guidance expected towards the middle of April).

Q. How much funding will these loans provide?

A. Eight weeks of cash-flow assistance through 100 percent federally guaranteed loans to small employers who maintain payroll during this emergency, with a maximum interest rate of 4%. Paycheck Protection Program ("PPP") loans can be up to 250% of a business's average monthly payroll costs over the prior 12 months, capped at \$10 million.

Q. What information will lenders need from businesses?

A. SBA-certified lenders only need to confirm, via a good faith certification submitted by the business, that a small business was operating as of February 15, 2020, and paid either (a) employee salaries and payroll taxes, or (b) paid independent contractors.

Q. What expenses can loan funds be used towards?

A. Loan funds may be used for the following expenses:

- *Payroll-related expenses* (e.g., salaries, wages, vacation, parental, family, medical, or sick leave, severance, retirement benefits, and state or local taxes assessed on compensation), except that loans funds can not cover salaries exceeding \$100,000.00;
- Expenses related to *other forms of compensation* (e.g. commissions and tips);
- *Health care benefits* (i.e., health insurance premiums);
- *Other overhead expenses* (mortgage interest, rent, utilities, other interest payments), even if incurred prior to receiving the PPP loan.

Q. How do I qualify for loan forgiveness?

A. Principal amounts on PPP loans for the first 8-week period of the loan may be forgiven, if the funds are used to cover the above-referenced expenses. To realize the full benefit of the loan forgiveness, businesses must keep their employees and

pay them at least 75% percent of their prior-year compensation. When applying for loan forgiveness, employers must be able to present documentation related to the claimed expenses.

Q. Is there any reason why loans will not be forgiven?

A. The amount forgiven may be reduced if the business' full time employees are reduced during the eight-week loan period, as compared against the period of either February 15, 2019, through June 30, 2019, or the period of January 1, 2020, to February 29, 2020.

Q. What if I already laid off employees? Will that disqualify my business from having PPP loans forgiven?

A. As incentive to rehire laid off employees, reductions in salary that occurred between February 15, 2020 and 30 days of PPP enactment will not result in reduced loan forgiveness.

Q. What if my business has access to other (non-SBA) sources of credit? Does it still qualify for a PPP loan?

A. The ordinary SBA requirement that the company not have alternate sources of credit has been suspended under the PPP.

Q. Are there associated fees?

A. All government fees are waived.

Q. Will personal guarantees be required?

A. Personal guarantees will not be required.

Q. Will loans that were forgiven be classified as income?

A. Loan forgiveness will not be construed as taxable income.

Q. What about repayment of portions of loans that are not forgiven?

A. Small businesses may defer payment of remaining (non-forgiven) principal, interest, and fee balances for at minimum six months, and may qualify for a twelve-month deferral.

Q. Does the CARES Act have any grants available for health care providers?

A. The CARES Act provides for \$10 Billion in grant money from the Public Health and Social Services Emergency Fund to prevent, prepare for, and respond to coronavirus, domestically or internationally, for necessary expenses to reimburse, through grants or other mechanisms, eligible health care providers for health care related expenses or lost revenues that are attributable to coronavirus. This was not significantly expounded upon in the text of the Act and it is assumed that guidance will provide more details.

Q. How do PPP loans interact/impact other government loans, such as the SBA Economic Injury Disaster Loans (discussed below)?

A. If you already received a COVID-19-related EIDL, you would be able to refinance the EIDL into the PPP for loan forgiveness purposes. However, you may not take out an EIDL and a PPP for the same purposes.

U.S. SMALL BUSINESS ADMINISTRATION (SBA) ECONOMIC INJURY DISASTER LOAN PROGRAM (Low Interest Loans to Small Businesses)

Q. What funding is available under the Economic Injury Disaster Loan Program?

A. Working capital, in the form of low interest loans known as Economic Injury Disaster Loans (“EIDLs”) are made available, by the United States Small Business Administration, to businesses located in New York State and certain New Jersey counties (Bergen, Hudson, Passaic and Sussex) who cannot meet their ordinary and necessary financial obligations as a direct result of COVID-19.

Q. Is the EIDL Program live yet?

A. The EIDL Program predates COVID-19 and is thus already up and running.

Q. How much funding is my business eligible for?

A. Qualifying businesses are eligible for an EIDL of up to \$2,000,000.00 from the United States Small Business Administration, with the actual loan amount limited to the economic injury determined by SBA, less business interruption insurance and other recoveries.

Q. Are any immediate funds available under the EIDL program?

A. Emergency grants in the form of advances on loans (up to \$10,000) are available, which the SBA must distribute within three days. The money may be used to pay for employee sick leave (COVID-19-related), mortgage or rent, and other overhead expenses. Applicants would not have to repay the \$10,000 grant even if they are denied the loan. The applicant has to provide a self-certification form under the penalty of perjury that it is an eligible for such advance.

Q. What terms are attached to EIDL loans?

A. Businesses must be able to demonstrate credit-worthiness and ability to repay the loan;

Q. Is collateral required?

A. Businesses may be required to post collateral (such as real estate) for certain loans, although loans will not be rejected based solely on absence of available collateral.

Q. What is the interest rate and term of these loans?

A. The interest rate is determined by formulas set by law and is fixed for the life of the loan., with a maximum rate of 3.750 percent. The maximum loan term is 30 years, with actual size of installment payments determined based on financial condition of each borrower, which in turn will determine the loan term.

Q. What about preexisting SBA loans?

A. SBA will pay the principal, interest, and any associated fees that are owed on certain existing SBA loans for a 6-month period starting on the next payment due (taking into account any deferment).

US SMALL BUSINESS ADMINISTRATION EXPRESS BRIDGE LOANS

Q. What funding is available under this program?

A. Small businesses who currently have a business relationship with an SBA Express Lender can access up to \$25,000 with less paperwork and fast turnaround.

Q. What are the key point I need to know about these bridge loans?

A. Can be term loan or a bridge loan while waiting for decision and disbursement on Economic Injury Disaster Loan. It will be repaid in full or in part by proceeds from the EIDL loan.

NYC SMALL BUSINESS CONTINUITY LOAN FUND (Zero Interest Loans for Businesses with Sales Decreases of 25%)

Q. Who is eligible for an NYC Small Business Continuity loan?

A. Businesses located in NYC with 1-99 employees and in business for at least two years (unclear if the two-year requirement is absolute or just a factor).

Q. What funding is available?

A. Qualifying businesses will be eligible to apply for zero interest loans of up to \$75,000 to help ensure business continuity.

Q. What will business have to demonstrate to qualify for loans?

- A. To qualify, businesses must demonstrate:
- At least a 25% decrease in revenue as a result of COVID-19, based on documentation such as point-of-sales reports, bank statements, quarterly sales tax filings, 2019 tax returns, or CPA-certified profit & loss statements;
 - Credit-worthiness (based on apparent factors such as credit rating, 2019 revenue and whether business was cash positive in 2019).

NYC EMPLOYEE RETENTION GRANT PROGRAM **(Grants for Business with 25% Revenue Loss)**

Q. Who is eligible for grants?

A. Grants are available to businesses located in NYC with one to four employees and in business for at least six months.

Q. What funding is available?

A. Eligible businesses will receive a grant covering up to 40% of their payroll for two months, capped at \$27,000.

Q. What will businesses have to demonstrate to qualify for grants?

A. To qualify, businesses must demonstrate at least a 25% decrease in revenue as a result of COVID-19, based on comparison of monthly revenue for two months post-COVID-19 against same two-month period for 2019 and 2019 average monthly revenue.

RENAISSANCE ECONOMIC DEVELOPMENT CORPORATION EMERGENCY **SMALL BUSINESS RELIEF FUND**

Q. Who is eligible?

A. Low interest, working capital loans are being made available to small businesses (less than 50 employees) demonstrating at least a 25% decrease in sales due to COVID-19. **The business must be located** in Flushing, Jackson Heights, Elmhurst, Murray Hill, Woodside, College Point, Bayside, Manhattan Chinatown and Lower East Side, Manhattan East 32nd Korean Town and Brooklyn Sunset Park, Bensonhurst, Bay Ridge, and Sheepshead Bay. **Independent professionals** (i.e. doctors, dentists, accountants etc.) are **not** eligible.

Q. What funding is available?

A. Eligible businesses can receive working capital loans in amounts up to \$50,000.

Q. What are the interest/repayment terms?

A. Repayment of initial six months of principal and interest is deferred, and total repayment term is 48 months. Interest rate is 3% fixed.

FACEBOOK SMALL BUSINESS GRANTS PROGRAM

Facebook is offering \$100 million in cash grants and advertising credits for up to 30,000 eligible small businesses in over 30 countries. Details are not yet available.