

SUMMARY OF BUSINESS SUPPORT FROM CARES ACT PROVISIONS

Purpose: This document provides businesses in the greater San Jose area with a quick summary of the CARES Act and how the program can be used by businesses.

Update: This copy was last updated on 4/4/20; When available, updates will be made at [English](#), [Español](#), [Tiếng Việt](#)

CARES ACT

The Act provides cash flow assistance to protect eligible businesses and help workers to remain employed. The key features of the CARES Act are:

- A new Paycheck Protection Program (PPP) guaranteed by the Federal Government for employers to maintain payroll and meet other costs over the next 3 months to June 30, 2020.
- More businesses will now be eligible to apply to the Economic Injury Disaster Loan fund (EIDL). Loans up to \$200,000 can be unsecured, and businesses can request a \$10,000 advance.
- A small business debt relief program for existing and new long-term Small Business Administration approved loans administered by banks and other lenders.

The US Treasury offers a more detailed information about [assistance for small businesses](#).

All of the CARES Act programs must be working by April 27, 2020.

Paycheck Protection Program (PPP)

What is the PPP and How Can it Help My Business and Employees?

The PPP provides cash flow assistance for businesses who maintain their payroll during the COVID-19 emergency. The loans will be forgiven if employers maintain their payroll to help workers remain employed and help affected small businesses and the economy to grow faster after the crisis.

What are the Main Attractions of a PPP Loan?

The PPP supports all business types that have a payroll. The PPP has a number of features:

- Maximum loan of up to \$10 million based on payroll.
- The loan is then used to cover payroll costs, and most mortgage interest, rent, and utility costs over the 8 week period after the loan is made. Even if some employees have already been laid off, the loan can still be forgiven for the full amount if payroll costs of those employees are rehired by June 30, 2020.
- So long as a minimum of 75% of the loan is used to cover direct payroll and associated costs and the balance up to 25% on non-staffing costs such as rent and utilities by June 30,2020 then 100% of the loan can be forgiven.
- If you don't achieve 100% loan forgiveness, then you repay the balance on the following terms:
 - At least 6-month deferral of loan repayment, potentially extending to a year, and
 - A 1% interest rate and a 2-year term.
- No borrower fees or early repayment costs.

What does the PPP Loan Cover?

The PPP loan is limited to eligible costs incurred by the business up to June 30, 2020 and includes:

- Payroll including employee salaries
- Costs related to continuation of group health care benefits
- Payment of interest on any mortgage obligation
- Rent
- Interest on any other debt obligations
- Utility payments

Am I Eligible?

Most US companies including sole proprietors, independent contractors, other self-employed individuals and non-profit 501(c) (3) organizations are eligible for assistance through the CARES Act. If you are a larger business, you can check if you are under the maximum [headcount or annual income standards](#) for your specific industry. Also, there are some [restrictions on businesses eligibility](#) including those companies that are not legally operating under federal or local law (e.g., cannabis), those that are “sin” businesses (e.g., gambling), or among other narrow groups.

Where Do I apply?

These loans will be made through banks, CDFI’s, or a credit union as 100% federally guaranteed loans. Contact your existing financial partner or search for 7(a) lenders in the area for an application from a participating lender. “Live” applications from lending institutions will be available as early as April 3, 2020 but the Small Business Administration offers a [sample application form](#) to help businesses understand what information their lender requires. You can anticipate needing payroll as well as quarterly income tax returns documents among others.

Here is a list of SBA approved lenders in the Bay Area ordered by their volume of loans. Please note that lenders are not required to offer the PPP program and that you will need to contact them directly.

Wells Fargo Bank	Heritage Bank	Umpqua Bank
Mortgage Capital Dev Co.	Redwood Credit Union	Lendistry
US Bank	Pinnacle Bank	Bank of San Francisco
JP Morgan Chase	East West Bank	Hanmi Bank United
Bay Area Dev. Co.	Stearns Bank	Midwest Savings
Bank of the West	United Business Bank	First Bank
Capital Access Group	Independence Bank	Spirit of Texas
Main Street Launch	Plumas Bank	Five Star Bank
First Home Bank	Harvest Small Business	Newtek Small Business
CDC Small Business Fin.	Santa Cruz County Bank	Redwood Capital
Exchange Bank	Bank of Hope	Seacoast Commerce
Live Oak Bank	Centerstone SBA lending	Bank of America
Celtic Bank	Fremont Bank	
Comerica Bank	California Bank of Comm.	

When Can I Apply?

Many lenders are accepting applications now, but independent contractors and the self-employed may apply from April 10, 2020 onwards.

You can only apply for one PPP loan and no applications will be accepted after June 30, 2020

How Can I Get Help with the PPP?

Local Businessownerspace.com (BOS) partners [SBDC](#), [AnewAmerica](#), [MBDA](#), and [SCORE](#) can help prepare loan paperwork.

[BusinessOwnerSpace.com](#) is a City of San Jose-led collaboration of more than 30 small business assistance organizations which offer free or low-cost services with a common mission of helping small companies succeed. BOS partners offer many services including loan and other funding. Others offer counseling on what money to request and how best to do so.

Changes to the Small Business Administration's Economic Injury Disaster Loan fund (EIDL)

What has changed with the EIDL?

- Small loans under \$200,000 without a personal guarantee (collateral) will soon be available.
- CARES Act allows for small businesses to apply for an EIDL advance of up to \$10,000. You must apply for an EIDL first and then request the advance. The advance does not need to be repaid.
- Businesses are now eligible even if they have been in operations since January 31, 2020
- The requirement that applicants are unable to obtain credit elsewhere will be waived in specific circumstances

The SBA will be publishing new guidance soon.

Can You Summarize the EIDL Program for Me?

- Approved businesses can receive an injury advance of \$10,000 which for some uses will not have to be paid back (new).
- Loan interest rates of 3.75%.
- Loans can be up to 30 years.
- Currently loans under \$25,000 require no collateral (this will soon increase to \$200,000) and the maximum loan is up to \$2 million.
- Help in many languages is available through the SBA, and
- Local Businessownerspace.com (BOS) partners [SBDC](#), [AnewAmerica](#), [MBDA](#), and [SCORE](#) can help prepare loan paperwork.
- One of the local SBDC branches has put together an [overview video on the application](#).
- Can be combined with PPP loans though loan forgiveness cannot cover the same expenses (no "double dipping")

The SBA site has more detailed information about [SBA economic injury loans](#).

Where Can I Apply?

This program is run directly from the Small Business Administration which now has a streamlined [application process](#).

What Can the Advance Be Used for?

- Providing paid sick leave
- Maintaining payroll to retain employees
- Meeting increased costs to obtain unavailable materials
- Rent/mortgage payments,
- Any other obligations that can't be met due to revenue losses

Can a Business Get an EIDL and PPP loan?

Yes, businesses can get both an EIDL and a Paycheck Protection Program loan as long as they don't pay for the same expenses. If an EIDL loan was obtained related to COVID-19 between January 31, 2020 and the date at which the Paycheck Protection Program becomes available, borrowers will be able to refinance the EIDL into the Paycheck Protection Program for loan forgiveness purposes.

Debt Relief Program

This program will allow businesses with existing SBA approved loans to obtain debt relief for all loan payments for up to 6 months. The main SBA approved lending programs are the (7a), 504 and microloans. The relief will also be available to new borrowers. Disaster loans are not eligible for this debt relief.

SBA will cover all loan payments on these SBA loans, including principal, interest, and fees, for six months. This relief will also be available to new borrowers who take out loans within six months of the President signing the bill into law.

I Already Have an SBA Loan. Am I Still Able to Benefit?

If you have an existing (or new, non-disaster) SBA loan, the SBA will cover all loan payments including principle, interest, and fees for six months. To apply, a business must contact the bank or financial institution with which holds the loan and through which payments are made. This debt relief program is not yet operational.

OTHER RESOURCES

Are There Other Sources of Money?

Yes! The City of San Jose has compiled [Sources of Money for Businesses](#) and to get the latest opportunities you can view the City of San Jose's [business website on COVID-19](#) for more information. As a heads up, some programs have submission deadlines.

Does the SBA Have Other Programs?

Yes, there is a good deal of information online about [SBA programs](#).

OTHER INFORMATION SOURCES

Here are other CARES Act information sources:

- [US Chamber of Commerce CARES Act Guide](#)
- [CDC Small Business Finance Guide to CARES Act](#)
- Arnold & Porter (Law Firm) [Small Business Loan Relief From CARES Act](#)
- Holland & Knight (Law Firm) [Business Tax Incentives and Relief Resulting from COVID-19 Response](#)

Here are other pandemic-related resources:

- [Santa Clara County Public Health](#)
- [SBA economic injury loans](#)
- City of San Jose's [COVID-19 Business webpage](#)
- City of San Jose's [emergency notifications webpage](#)

If you would like to receive notices, you can subscribe to one or more of the following distributions:

- [BusinessOwnerSpace.com Notices](#) – Small businesses can keep informed about workshops and other services offered by over 30 small business assistance organization programs through this subscription.
- [SJ Economy Notices](#) – The City of San Jose Office of Economic Development sends out a regular notice about issues of interest to San Jose businesses
- [City of San Jose COVID-19 Flash Reports](#) – Updates and announcements from the City of San Jose about COVID-19 are distributed on weekdays in the morning and late afternoon to subscribers.

You can also ask questions of the City of San Jose Office of Economic Development at covid19sjbusiness@sanjoseca.gov.