

# A GUIDE TO THE CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT (CARES ACT).

As your business partner, Bank of Southern California has developed the following resource to help small businesses affected by the Coronavirus obtain necessary funding. **As always, we are here to help.** Should you have any questions, or would like to get started with one of these programs, please contact your account officer or local branch to learn more.

## OVERVIEW.

The CARES Act was designed to help small businesses survive and recover from losses suffered during the Coronavirus outbreak. Key components include loan programs from the SBA, changes to business tax filing requirements, and modifications to unemployment benefits.

## CARES ACT SMALL BUSINESS LOANS.

### Paycheck Protection Program (PPP) Loans (SBA 7(a) Loans)

Provides financing to small businesses to be used for payroll, mortgage payments, rent, utilities, employee salaries, or other qualified expenses.

#### Eligibility:

- Businesses with fewer than 500 total employees, some exceptions apply.
- Sole proprietors, independent contractors, other self-employed persons and non-profits.

#### Features:

- Maximum loan amounts equal to 2.5x monthly payroll costs (up to \$10 million).
- Funding will be available up to an aggregate amount of \$349 billion.
- Loans must be funded by June 30, 2020.

844.BNK.SOCAL | [banksocal.com](http://banksocal.com)



# A GUIDE TO THE CARES ACT.

## **Paycheck Protection Program (PPP) Loan Forgiveness**

PPP loans may be forgiven to the extent the proceeds have been used for designated purposes during the eight weeks after the loan was originated. There must also be no lasting workforce reduction.

### *Features:*

- Loan forgiveness cannot exceed the principal of the PPP loan.
- The amount of forgiveness will be reduced by the percentage of full-time employees laid off during the eight weeks after the loan was made and the amounts the employer reduced salary or wages for employees in excess of 25% of the employee's salary/wage.
- Loan forgiveness will be excluded from taxable income for federal tax purposes.

## **SBA's Economic Injury Disaster Loan (EIDL) Program**

This program provides small businesses affected by the Coronavirus with working capital loans. These low-interest loans are intended to help businesses overcome the temporary loss of revenue.

### *Features:*

- Loans up to \$2 million.
- Program began January 31, 2020 and is ongoing.

## **SBA Express Loan (EBL) Program**

The SBA Express Loan Program has increased the maximum loan for an SBA Express loan from \$350,000 to \$1 million through December 31, 2020.

### *Features:*

- Provides an accelerated turnaround time for SBA review.
- Capital can be granted in the form of either a term loan or line of credit.

## **SBA Express Bridge Loan (EBL) Program**

The SBA has expanded the Express Bridge Loan (EBL) Pilot Program to include small businesses adversely impacted by the Coronavirus Disease Emergency Declaration as of March 13, 2020.

### *Features:*

- Loans can be made up to 6 months after date of Emergency Declaration.
- Term loan with maximum amount of \$25,000 and maximum term of 7 years.
- Proceeds are to exclusively support the survival/re-opening of a business.

**844.BNK.SOCAL | [banksocal.com](http://banksocal.com)**



# A GUIDE TO THE CARES ACT.

## CARES ACT TAX RELIEF.

### Employee Retention Credit

Businesses that have been suspended by government order or that have experienced significant declines in receipts, may be eligible for an employee retention credit.

#### Features:

- Eligible businesses can receive a refundable credit for up to 50 percent of qualified wages for each calendar quarter.
- The maximum amount of qualified wages per employee that may be taken into account for all calendar quarters is \$10,000.
- Businesses with 100 or fewer full-time employees, may take into account all wages paid to employees during the relevant period.
- Businesses with more than 100 full-time equivalent employees, may only take into account wages paid to employees who are not providing services during the relevant period.

## CARES ACT UNEMPLOYMENT INSURANCE.

### Expanded Unemployment Benefits (UI)

Businesses forced to close as a result of the coronavirus, whose employees cannot work from home, or are unable to work due to illness, can collect unemployment through December 31, 2020.

#### Features:

- Provides payment to those not traditionally eligible for unemployment benefits who are unable to work as a direct result of the coronavirus public health emergency. This includes self-employed, independent contractors, those with limited work history, and more.
- Payments of an additional \$600 per week can be made to each recipient for up to four months.

844.BNK.SOCAL | [banksocal.com](https://banksocal.com)

