



**Highlights of the Coronavirus Aid,
Relief & Economic Security Act**
Tracy H. Stroud, Attorney at Law
March 2020

The CARES Act became law on March 27, 2020 and is designed to help small business owners. This article highlights four (4) key sections of the Act.

This information hits the highlights, but does not fully encompass the entire CARES Act. If you have questions, please contact Tracy Stroud at 252-321-2020, extension 220.



Small Business Loans

1. Paycheck Protection Loans (PPLs)

- For company with 500 employees or fewer (full and part-time)

To be used to cover payroll costs, interest costs, rent and utilities

- Federal government currently onboarding lenders and loans will be made by banks
- 100% federally backed loans
- No SBA pre-approval required
- Maximum loan amount is \$10 million
- No collateral or personal guaranties
- Interest rate cannot exceed 4%
- No prepayment penalties
- Repayment deferred from six (6) months to one (1) year
- If business has already laid an employee off who was on payroll before February 15, 2020, it will not affect your eligibility for the PPL if you bring that person back to work at time of application for the PPL.
- PPLs are forgiven if you keep employees on your payroll by submitting certain verification requirements to SBA
- Forgiveness of the loan is not taxable income

2. Economic Injury Disaster Loan (EIDL)

- Principal office of company must be in county or state that has an Economic Injury Disaster Loan declaration
- Business must be determined creditworthy by SBA guidelines and show ability to repay all loans
- Designed to pay fixed debts, payroll, accounts payable, and other liabilities of the business

- Maximum loan amount \$2 million dollars

Expanding Unemployment Benefits

1. Unemployment for Regular Workers

- In states agreeing to participate (NC has opted in) employees will receive an extra \$600 per week in addition to their regularly calculated state unemployment benefits
- Provides for a thirteen (13) week extension of benefits beyond regular state benefits. This extension ranges from 13 weeks to 28 weeks depending on the state you live in
- Expires July 31, 2020

2. Pandemic Unemployment Assistance for Contract Workers, etc.

- This \$600 expanded benefit for up to four (4) months is also for workers who are self-employed, workers who have not been on the job long enough to qualify for regular benefits and workers whose regularly available benefits have already been exhausted. These workers about not eligible for state unemployment benefits.
- To be eligible, these workers must show:
 1. Diagnosis or symptoms of COVID-19 and are seeking diagnosis;
 2. Member of household diagnosed with COVID-19;
 3. Providing care for someone with diagnosed with COVID-19;
 4. Providing childcare because regular childcare provider or school closed;
 5. Quarantined or have been advised by health care provider to self-quarantine;
 6. Scheduled to begin employment but offer withdrawn due to COVID-19 outbreak or cannot reach the place of employment as a result of COVID-19 outbreak;
 7. Head of household died and was primary breadwinner and died because of COVID-19;
 8. Forced to quit their job as direct result of COVID-19;
 9. Place of employment closed as a direct result of COVID-19; and
 10. Meet other criteria established by forthcoming Department of Labor regulations