

# CORONAVIRUS AID, RELIEF AND ECONOMIC SECURITY (CARES) ACT SMALL BUSINESS ADMINISTRATION LOANS

## PAYCHECK PROTECTION PROGRAM

The program is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll. It provides 24 weeks of cash-flow assistance through 100 percent federally guaranteed loans.

- A loan would equal 250 percent of an employer's average monthly payroll, and the loan could not exceed \$10 million.
  - The covered costs include payroll support (includes salaries, wages, paid sick and medical leave, insurance premiums), mortgage/rent, utilities, and other debt obligations. A borrower is required to use no more than 40 percent of their loan amounts towards non-payroll costs in order to be eligible for total loan forgiveness.
  - If an entity is eligible for the program, lenders will issue a loan based solely on if a business was in operation on February 15, 2020, and if it paid salaries and payroll taxes.
- **Eligible entities for this program are:**
  - Small business with 500 employees or fewer
  - Self-employed individual or "gig economy" individual
  - 501(c)(3) organization
  - 501(c)(19) veterans organization
  - Tribal business concerns with under 500 employees
- **Loan Forgiveness:**

An entity will be eligible for loan forgiveness if the company retains its employees and salary levels.

  - Loan forgiveness cannot exceed the principal amount of the loan.
  - Any reduction in employees or salaries and wages will result in a reduction in an eligible forgiveness amount.
    - If a borrower can document an inability to rehire individuals or similarly qualified employees as well as document an inability to return to the same business activity they possessed prior to February 15, 2020 as a result of compliance with health and sanitation guidelines, the amount of loan forgiveness may be determined without taking into account the reduction in employees.
    - Otherwise, a borrower will experience a reduction in loan forgiveness if greater than a 25% reduction in salaries or wages occurred during the covered period or if the amount of Full Time Equivalent Employees (FTE) employees is reduced during the covered period.
    - FTE employees are those that work 40 hours or more each week. Borrowers will not be penalized in their forgiveness amounts if:
      - Reductions in FTE employees, salaries and wages are corrected either before the end of the loan's covered period, December 31, 2020, or submission of their loan forgiveness application
      - An employee is fired for cause, voluntarily resigns, voluntarily requests a schedule reduction, or rejects an offer to return to work
  - Amounts that are not forgiven after the 24 week period will be carried forward with term of 5 years at an interest rate of 1%.
    - Payments on principle and interest amounts of the unforgiven portions of the loan may be deferred until a borrower's lender have received reimbursement from the government for the forgiven amounts.

## EMERGENCY ECONOMIC INJURY GRANTS

**Benefit:** Provides an advance of \$1,000 per employee, up to \$10,000, to those businesses or nonprofits who apply for an SBA Economic Injury Disaster Loan (EIDL) to provide sick leave, and pay other debt obligations.

### Eligibility:

- An entity must have been in operation on January 31, 2020 and be a: small business, private nonprofit, sole proprietor or independent contractor, tribal business, cooperative, employee-owned business, or agricultural business
- A loan application will be approved or denied solely based on an applicant's credit score or sufficient alternative method.
  - If a business was denied based on their initial EIDL application or withdrew their initial application, the SBA is allowing these businesses to reapply.

### Repayment Terms:

- Grant **does not need to be repaid, even if the business is ultimately denied an EIDL.**

### Debt Relief for Existing SBA Borrowers:

**Benefit:** The SBA will cover all loan payments, including principal, interest and fees for six months for existing SBA borrowers who have standard SBA 7(a), 504, or micro loans.

- The SBA will also cover all loan payments for individuals who take out one of the standard loans within six months after the President signs the CARES Act into law.

### How to Apply

- To apply for an EIDL, please visit this [link](#) run by the SBA.
- Non-EIDL SBA loans are administered through qualified lenders in your community. To find a local lender to apply for the PPP program or any other SBA loan, visit their lender match tool found at this [link](#). You should also consult with a local lender to see if they will be participating the Paycheck Protection Program.
  - Lenders may begin processing loan applications as soon April 3, 2020.
  - The Paycheck Protection Program will be available through June 30, 2020.
  - An individual may also contact a) their current business lender to see if they administer SBA loans or b) their local SBA office or Small Business Development Center (SBDC) to find an approved lender in their community.

### Help Submitting an Application

To receive updates or assistance regarding your EIDL application or your PPP loan, the SBA has set up an office exclusively for handling questions regarding these economic assistance programs.

- Please call 1-800-659-2955 or email [disastercustomerservice@sba.gov](mailto:disastercustomerservice@sba.gov)
- The SBA has experienced a large influx of EIDL applications and are currently processing applications submitted in April. Applicants are encouraged to reach out to either of these points of contact for additional clarity on your unique situation.

To speak with an SBA office in West Virginia, a business has two offices to choose from:

- Clarksburg – 320 West Pike Street Suite 330, Clarksburg, WV; Phone: 304-623-5631
- Charleston – 405 Capitol Street Suite 412, Charleston, WV; Phone: 304-347-5220
- Follow [this link](#) to learn more about the SBA in West Virginia and its resources

The West Virginia Small Business Development Center is a partner of the Small Business Administration. They have 14 business coaches across the state who can help guide businesses through the process of applying for SBA loans.

- To contact one of the 14 business coaches, please call 304-558-2960 or visit [www.wvsbdc.com](http://www.wvsbdc.com).

**DISCLAIMER:** This document is intended to provide preliminary guidance based on Congressional intent and does not constitute legal advice. It also does not replace official implementation guidance from the relevant state and federal agencies.

### CONTACT:

Common\_sense@manchin.senate.gov  
Or leave a message at 304-342-5855

**JOE MANCHIN**  
United States Senator for West Virginia

Senator Manchin's staff will return  
your call or email as soon as  
possible.

Updated 6/17/20