



## **Who Is Eligible for Small Business Loans in The Economic Stimulus Package?**

### **Who Is Eligible for Small Business Loans in The Economic Stimulus Package? Article written and posted on New York Times**

In my continued research in the situation with recent virus issues, I am constantly on the look-out for Grants and loans that will help my small business clients during these difficult times. I have a banker friend who is assisting all my small business clients with the SBA Loans and Grant applications. Please feel free to contact:

Jay Kuilan at **(813) 525-1948** or by email at [Jkuilan@republicbank.com](mailto:Jkuilan@republicbank.com); just let him know I referred you. My prayers go out to everyone; please be safe.

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President Trump signed the third and final economic stimulus package into law this afternoon. The law provides clear guidelines on what small businesses are eligible, and what their loans will look like. Here are the details.

The total amount of money going in the fund is \$349 billion. The loans are federally-guaranteed (meaning there is no interest on the loan), and tax-free. All loan payments are deferred for one year.

Any business with less than 500 employees is eligible for the loan. All states and territories are eligible. Self-employed individuals, independent contractors, and sole proprietors are also eligible.

Priority will be given to businesses in under-served and rural markets, including veterans and members of the military community, women, socially and economically disadvantaged individuals, and businesses that are less than two years old, reads the text of the bill. More than 1,000 lending agencies will be participating in the program, according to a spokesperson for Senator Marco Rubio.

### **How Does the Loan Work?**

The loan is forgivable, meaning it doesn't have to be paid back, during what is called a "covered period." This period is eight weeks, chosen by the small business owner and the lending agency, between February 15, 2020 and June 30, 2020.

The total amount of this forgivable loan, which is more akin to a grant, is 2.5 times the businesses' monthly payroll. The maximum amount that can be given to a single business is \$10 million.

All operating costs, including employee payroll (and other forms of compensation), employee health care, interest on mortgage, rent, utilities, and debt payments are included. The quarterly payroll cost for an employee cannot be more than \$33,333 (i.e., the equivalent of an annual salary of \$100,000).

If a small business had to lay off employees during the covered period, the forgivable amount of the loan will also be reduced proportionally. For example, if a small business cut back half of their workforce, the amount of the loan will be reduced by 50%. If employee salaries were reduced by more than 25%, the loan will be reduced proportionally. But, if all employees are rehired and their full salaries restored by June 30, no reduction of loan will occur.

If the crisis continues longer than expected, the law can be amended and the time period extended, according to a spokesperson for Senator Marco Rubio. The eight-week period was determined in discussions with business industry leaders.

To expedite the loan process, personal guarantees have been waived. All that is required is a "good faith certification" that your business has been affected by the COVID-19 pandemic, and that the funds will be used according to the guidelines.

"Our best guess is that by two weeks it will be up and running," according to a spokesperson for Senator Marco Rubio.

Additional resources have been assembled by the Small Business Investor Alliance, and can be found [here](#).

The U.S. Senate Committee on Small Business & Entrepreneurship has put together a list of frequently asked questions that can be found [here](#).

Forbes' Small Business Relief Tracker, with additional funding, grants and resources for small business owners, can be found [here](#).