What is in the coronavirus relief package?

The Coronavirus Aid, Relief and Economic Security (CARES) Act is a $2 trillion stimulus package that includes significant relief money for small businesses.

To be eligible for the stimulus funds, a small business must be substantially affected by COVID-19, experiencing a decrease in revenue, staffing challenges or supply-chain disruptions, for example. It must also employ fewer than 500 employees.

The provisions for small businesses include:

Emergency grants of $10 billion that will provide up to $10,000 per small business to cover immediate operating costs.

Forgivable loans of $350 billion that will be allocated to the Small Business Administration to provide loans of up to $10 million per business for ongoing payroll and operations costs.

Existing loan relief of $17 billion to cover six months of payments on existing SBA loans for small businesses that already have them.

Expanded unemployment insurance for workers who can’t be rehired or find other work. It also extends jobless benefits to previously ineligible groups of workers, like gig workers and freelancers.

What do business owners need to know about qualifying?

Businesses must maintain a similar number of employees as they did prior to the crisis in order to be eligible for full loan forgiveness. A reduction in loan forgiveness will be applied to those businesses that do not meet this requirement.

For businesses that have already laid off employees, they must be rehired in order for the business to qualify for a forgivable loan. Both sole proprietors and independent contractors will be eligible to receive loans.

While it is not intended for businesses to pay back these forgivable loans if they are used for operating expenses, it could be required if they are used for non-approved purposes. Even under those circumstances, however, the loan APR will be capped at 4 percent, and payments can be deferred for one year.
What can small business owners do right now?

These grants and forgivable loans should be available very quickly through the SBA or your existing banking institution. If you intend to apply, it’s a good idea to get started on the following right away:

- Reach out to your bank to understand the details and how to get ready to apply. They should also be able to share how quickly the grant or loan will be available.
- Prepare documents as best you can. The required documents will vary based on lender, but it’s a good idea to begin gathering:
  - bank statements,
  - articles of incorporation,
  - the lease or deed for the place of business,
  - business certificate or license,
  - individual and business tax returns and any financial documents that reflect your financial situation

What if my business doesn’t qualify?

- Businesses who do not meet the requirements for the CARES grant or forgivable loan relief may still apply for a loan via the [SBA Express Bridge Loan Program](https://www.sba.gov/hhs-cancellation) or [Economic Injury Disaster Loan Program](https://www.sba.gov/disaster). These loans will need to be repaid but could help to fill the financial gap until the coronavirus crisis is over.

Here’s how you can stay informed

- The Small Business Administration has put together a special [coronavirus page](https://www.sba.gov/coronavirus) detailing existing loan information, guidance for businesses and employers, and links to local assistance. It will be updated with the latest available information, and will have full details about the stimulus loans and grants as soon as they are available.