

# CARES Act

*Coronavirus Aid Relief & Economic Security Act*

## **FAQs: Relief for Small Businesses in the First State**

*Do you have questions about the relief that is available for small businesses in the Senate's Coronavirus Aid, Relief and Economic Security (CARES) Act? Answers to some frequently asked questions (FAQs) below:*

### **I'm a small business owner in Delaware that has been forced to close. The kind of business I operate does not allow employees to telework. I do not want to lay-off my employees, but what do I do about payroll?**

For employers who choose to maintain their payroll, the Payment Protection Program (PPP) provides cash-flow assistance through federally-guaranteed loans of up to \$10 million. Employers can use these loan proceeds to cover payroll costs – including compensation under \$100K, paid leave benefits, retirement benefits, and group health care premiums and benefits – as well as rent payments, utility payments, and interest payments on any debt obligation incurred before February 15, 2020. Additionally, employers may apply for loan forgiveness under PPP, based on payroll costs for two months, including rent or utility payments and any interest payments made on debt obligations.

### **Where do I apply for a PPP loan?**

Employers interested in applying for a PPP loan should contact existing Small Business Administration (SBA)-approved 7(a) lenders. The *SBA Small Business Resource Guide for Delaware* provides a [list](#) of participating lenders throughout the state.

### **What are the terms and conditions of the loan?**

The maximum term for the loan is 10 years. The maximum interest rate is four percent with zero loan or prepayment fees. SBA will establish a cap for lenders who charge an application fee. An eligible employer must employ fewer than 500 people. An employer is limited to one PPP loan, but employers that receive PPP loans may also apply for other SBA financial assistance. Eligible employers can apply for PPP loans through June 30, 2020.

### **I run a non-profit organization that employees less than 500 people. Do I still qualify for a PPP loan?**

Yes. In general, 501(c)(3) and 501(c)(19) non-profits with 500 employees or fewer qualify for PPP assistance.

**I am self-employed (i.e. sole proprietorship or independent contractor). Do I still qualify for a PPP loan?**

Yes.

**I am a small business owner in Delaware that has been forced to close due to the coronavirus. My revenue stream has dried up, and I do not have adequate cash reserves to keep paying my bills. What federal assistance can I apply for?**

Small business owners suffering substantial economic injury due to COVID-19 can apply for an Economic Injury Disaster Loan (EIDL). On January 31, SBA issued a disaster declaration for Delaware at the request of Governor Carney, making all businesses operating with a physical presence in the state eligible for EIDLs.

**I am in the process of preparing an EIDL application. How can I get more immediate relief?**

Small business owners that apply for an EIDL can request an advance of up to \$10K, which SBA must distribute within three days. Applicants can use the advance to cover costs and obligations that cannot be met due to revenue losses. The applicant does not have to repay the advance if subsequently denied for an EIDL. Businesses can request advances as part of their EIDL application through December 31, 2020.

**Who can request these advances?**

Any entity that certifies they are eligible for an EIDL can request an advance, including small businesses, private nonprofits, sole proprietors, independent contractors, tribal businesses, cooperatives, and employee-owned businesses.

**What are the terms and conditions of an EIDL?**

Eligible businesses can receive EIDLs up to \$2 million for a term of up to 30 years and with a maximum interest rate of 3.75 percent (2.75 percent for eligible nonprofits). Principal and interest can be deferred for up to four years. Businesses that receive an EIDL through June 30, 2020 remain eligible to apply for a PPP loan. However, EIDLs and PPP loans cannot be used for the same purpose. For example, if you use your EIDL to cover payroll for certain workers in April, you cannot use your PPP loan for payroll for those same workers in April, although you could use it for payroll in March or for different workers in April.

**Where do I apply for an EIDL?**

Small businesses owners can apply for an EDIL [online](#). For questions and assistance about application requirements, applicants should contact the [SBA's Delaware District Office](#).

**I'm a small business owner who already has non-disaster SBA loans (e.g. 7(a), 504, or microloans). Is there any assistance to help with these payments?**  
SBA will cover all loan payments for SBA borrowers, including principal, interest, and fees, for six months. While SBA borrowers are receiving the six months debt relief, they may apply for a PPP loan that provides capital to keep their employees on the job. However, the SBA payment relief may not be applied to payments on PPP loans.

**Can I apply for a non-disaster SBA loan instead of an EIDL?**

Yes. SBA debt relief extends to new borrowers who receive SBA loans within the next six months.

**What non-disaster loans does SBA offer?**

SBA offers 7(a) loans, 504 loans, and microloans. The [7\(a\) loan program](#) includes various types of loans, but, in general, 7(a) loans provide up to \$5 million to borrowers who lack credit elsewhere. Applicants apply for 7(a) loans with a bank or mission-based lender. The [504 loan program](#) provides small business with up to \$5.5 million to acquire fixed assets such as real estate or machinery. Applicants apply for 504 loans with a nonprofit Certified Development Company. [Microloans](#) provide small business and certain not-for-profit childcare centers with up to \$50,000, and applicants apply for microloans through mission-based lenders.

**I'm a small business owner in Delaware, but I'm unfamiliar with how SBA programs work. Are there local resources available to help me determine what options I have and how to navigate federal assistance programs?**

Nearly 1,000 small business development centers (SBDCs) comprise a national network that provides new and existing small businesses with free support, counseling, and training. More information about Delaware's SBDC is available [here](#). Additionally, the [Women's Business Center at True Access Capital](#) provides outcome-oriented support services to women entrepreneurs in Delaware. Finally, [Delaware SCORE](#) is a volunteer organization of business professional that provides education and counseling services to entrepreneurs, small business owners, and non-profits.

*If you need additional information or if you have questions about your particular situation, please do not hesitate to reach out to Senator Carper's office. We are here to help! If you fill out [this form](#), a staff member will get back to you promptly.*