

U.S. CHAMBER OF COMMERCE

# The CARES Act & Return to Work



# CARES Act Assistance Available to Small Businesses

## PPP:

- ~~\$349 Billion~~ \$310 Billion
- < 500, Self-Employed, Independent Contractors
- Loans equal to 2 ½ months payroll
- Loans can convert to grants
- Apply through banks & other lenders

## EIDL:

- \$50 Billion Loans \$10 Billion Grants
- < 500, Self-Employed, Independent Contractors
- Low interest loan
- Up to \$10 k grant
- Apply through SBA

## Employee Retention Tax Credit:

- Up to \$5 k per employee
- Employer fully or partially closed or drop of 50% in quarterly gross receipts
- Different rules for above and below 100 employees
- Ineligible if accept PPP

## Payroll Tax Deferment:

- Defer employer portion of payroll taxes
- Repay 50% 12/31/21, 50% 12/31/22
- Ineligible if accept PPP loan forgiveness

## Round 2 PPP Loans to Date (May 10, 2020)

- 2,575,182 Loans Approved by SBA
- \$188 billion approved
- Made by 5,428 Lenders
- <\$50 billion in assets: 1,365,085 loans; \$88.5 billion approved
- Average Loan Amount: \$73,017

## Round 2 EIDL Already Accounted for

- SBA currently working through backlog
- Maximum loan amount expected to be capped around \$150,000
- Application portal closed

# Main Street Lending

- Federal Reserve Supported
- U.S. Businesses Less Than 15,000 Employees or \$5 Billion Revenue
- Loans Through Banks
- Program not yet operational
- Restriction on Stock Buybacks, Dividends, Executive Compensation

## Highlights:

- Three credit facilities: Main Street New Loan Facility (MSNLF); Main Street Priority Loan Facility (MSPLF); Main Street Expanded Loan Facility (MSELF)
- Minimum Loan Amount: \$500,000 (\$10 million for MSEFLF)
- Maximum Loan Amount: \$25 million (\$100 million for MSELF)

# Main Street Lending Options

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## Eligibility requirements:

- Established before March 13, 2020
- No more than 15,000 employees or 2019 annual revenues no more than \$5 billion
- Created or organized in the U.S. with significant operations in and majority of employees in the U.S.
- Businesses that received PPP are eligible

Program in effect until September 30, 2020

MAIN STREET LENDING PROGRAM LOAN OPTIONS			
	Main Street New Loans	Main Street Priority Loans	Main Street Expanded Loans
Term	4 years	4 years	4 years
Minimum Loan Size	\$500,000	\$500,000	\$10,000,000
Maximum Loan Size	Lesser of \$25M or 4x 2019 adjusted EBITDA	Lesser of \$25M or 6x 2019 adjusted EBITDA	Lesser of \$200M, 35% of outstanding and undrawn available debt, or 6x 2019 adjusted EBITDA
Risk Retention by Lender	5%	15%	5%
Payment (year one deferred for all)	Years 2-4: 33.33% each year	Years 2-4: 15%, 15%, 70%	Years 2-4: 15%, 15%, 70%
Rate	LIBOR + 3%	LIBOR + 3%	LIBOR + 3%
Lender Transaction Fee (May be paid by Borrower)	100 basis points of principal loan amount	100 basis points of principal loan amount	75 basis points of principal loan amount
Borrower Origination Fee	100 basis points of principal loan amount	100 basis points of principal loan amount	75 basis points of principal loan amount

U.S. Chamber's Main Street Lending Program Guide:

<https://www.uschamber.com/report/guide-the-main-street-lending-program>

...or [www.uschamber.com/coronavirus](https://www.uschamber.com/coronavirus)

# Liability Protection

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Timely, Temporary, and Targeted

Federal Preemption

Guidance vs. Regulation

Four Buckets of Liability

- 1) Exposure Liability
- 2) Product Liability
- 3) Healthcare Provider Liability
- 4) Securities Litigation

Helpful Links:

- CDC Guidance: [www.uschamber.com/coronavirus](http://www.uschamber.com/coronavirus) or [www.cdc.gov/coronavirus](http://www.cdc.gov/coronavirus)
- OSHA Guidance: <https://www.osha.gov/Publications/OSHA3990.pdf>

# Phase IV

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## Partisanship Returns: House Democrats vs. Senate Republicans

### House: Heroes Act

- Nearly \$1 trillion for state and local governments
- \$175 billion for mortgage relief and renter assistance
- Second round of checks to individuals and families
- SNAP benefit increases
- **Red Line Issue: State and Local funding**

### Senate: Wait and See

- Priority: See what works and what doesn't; address gaps in CARES Act
- **Red Line Issue: Liability Protections**

### Other Issues:

- More money and/or changes to PPP and other small business programs
- Nonprofit eligibility (H.R. 6697)