



## LOANS, FORGIVENESS FOR SMALL BUSINESSES + NOT FOR PROFITS

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law on March 27, 2020 and provides relief for small businesses, both nonprofit and for profit. The Paycheck Protection Program provides funding for special emergency loans (emergency SBA 7(a) loans) of up to \$10 million for eligible nonprofits and small businesses, permitting them to cover various costs. This provision provides that the loans be forgiven in whole or in part under certain circumstances. The funds from these loans can be used to make payroll and associated costs, group health insurance premiums, facilities costs, mortgage interest payments, rent, utilities, and debt obligations. The borrower is not required to show the business is unable to obtain credit elsewhere. Additionally, neither a personal guarantee nor collateral is required to obtain the emergency loan.

This provision is available to eligible employers, both charitable nonprofits and for-profit business organizations with 500 or fewer employees. In addition, employers that maintain employment between February 15, 2020 and June 30, 2020 or rehire employees by June 30, 2020 would be eligible to have their loans forgiven, essentially turning the loan into a grant.

The Employee Retention Payroll Tax Credit provision creates a refundable payroll tax credit of up to 50% of the qualified wages for each employee on the payroll when certain conditions are met. The entity had to be an ongoing business at the beginning of 2020 and realize a decrease in revenue of more than 50% in the first quarter of 2020 compared to the first quarter of 2019. Notably, employers receiving emergency SBA 7(a) loans are not be eligible for these credits.

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Further details on the CARES Act are available here. [www.congress.gov](http://www.congress.gov)

If you have any specific questions on the order, please call us.



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(765) 423-1561

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