
The CARES Act: What Small Business Owners and Not-For-Profit Organizations Need To Know

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On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security Act (H.R. 748) (the “CARES Act”). On April 3, 2020, the U.S. Small Business Administration (the “SBA”) announced an interim final rule, implementing Sections 1102 and 1106 of the CARES Act (13 C.F.R. Part 120). The CARES Act implements two important sources of liquidity for small business owners and not-for-profit organizations—the Paycheck Protection Program and the COVID-19 Economic Injury Disaster Loan Program. Under these initiatives, small businesses and not-for-profit organizations with fewer than 500 employees can receive low-interest small business loans to provide a much-needed cash infusion to help weather the storm created by COVID-19. In addition, under the Paycheck Protection Program, up to 100% of the principal amount of these loans and any accrued interest may be forgiven, with certain limitations and restrictions.

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