

March 30, 2020

DCDC Members,

As we all navigate these unprecedented times, I will continue to forward you information that I hope you find helpful. I am choosing to send these communications to the entire email distribution list, rather than just the business owner/managers, as this information may be helpful to a small business owner that you know. Feel free to forward this email.

On Friday, March 27, 2020, the President signed into law the CARES Act. This law contains many provisions to provide assistance to workers, families, businesses and the health care industry who have been affected by the COVID-19 pandemic. The US Chamber of Commerce shared a Summary of the entire act that you can read [here](#).

I want to share with you details of the provision in the CARES Act designed to provide direct assistance to small businesses called the **"Paycheck Protection Program"**. This program provides \$349 billion for expedited individual loans through approved lenders that are guaranteed 100% by the U.S. government through the Small Business Administration (SBA). The loan proceeds can be used to cover payroll costs, such as employee salaries, paid sick or medical leave, insurance premiums, and mortgage, rent, and utility payments incurred from February 15, 2020, through June 30, 2020. Loan Forgiveness is available.

**Loan Terms:** The maximum amount of a loan equals 2.5 months of regular payroll expenses or net earnings from self-employment (subject to a cap of \$100,000 of annual salary per employee). Borrower and lender fees are waived. Collateral and personal guarantee requirements are waived. The maximum interest rate is four percent and loan maturity can be as long as 10 years. No prepayment fees will be charged. Loan payments can be deferred for 6-12 months.

**Loan Forgiveness:** Borrowers are eligible for loan forgiveness equal to the amount spent by the borrower during an eight week period after the origination date of the loan on payroll costs, interest payment on any mortgage incurred prior to February 15, 2020, payment of rent on any lease in force prior to February 15, 2020, and payment on any utility for which service began before February 15, 2020. The amount of loan forgiveness will be reduced if the borrower does not maintain its level of employment that existed prior to the pandemic.

**Eligibility:** Generally, any business with fewer than 500 employees is eligible if it was operational on February 15, 2020, and had employees for whom it paid salaries and payroll taxes, or had paid a worker classified as an independent contractor. Nonprofits also are eligible.

**Information Needed:** Until guidance is received from the SBA, the amount and type information needed to support an application is not clear. However, it is anticipated that it will require payroll records, payroll tax reports, and income tax returns. I encourage you to begin organizing these records for 2019 and 2020. If your business is organized as an entity (corporation or LLC), you may also need copies of your organizing documents such as articles of incorporation, bylaws, and operating agreements.

**Application Process:** Financial institutions must be eligible to process a SBA Loan to be authorized to accept and approve applications for the **“Paycheck Protection Program”**. [The DeWitt Chamber & Development Company encourages you to reach out to your local lenders to confirm if they are eligible to assist you.](#) Our community's financial institutions are mobilizing their lenders, bankers, and tax and accounting professionals in this effort. They are proactively establishing procedures and waiting for guidance from the SBA before opening the application process. You do not need to be a current customer of a particular institution to utilize their assistance with the application process.

**The application opening date is targeted for the latter part of the week of March 29.** But you do not need to wait until then to begin the conversation with a local lender. Many lenders are posting additional information on their websites and facebook pages.

**Two additional resources for Small Business Owner to the CARES Act** that I have found helpful can be found [here](#) and [here](#). I encourage you to check them out.

**As always, feel free to reach out to me directly with questions. I'm here as a resource for you.**

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The DCDC's mission is to lead, inform, advocate and advance business interests and promote community growth. Our core focus is to support existing businesses, attract new businesses, and assist in enhancing the quality of life for our community.