



COVID-19 Update from ASRS

Expansion of Permissible SBA Loans Under the Cares Act

Paycheck Protection Program

Retina specialists can obtain loans under the Paycheck Protection Program if they are for profit or 501(c)(3) 501(c)(19) nonprofit organizations with 500 or fewer employees (full-time and part-time) without regard to revenues. SBA loans of up to \$10 million and expedited loans of up to \$1 million are available for the following types of expenses:

- Payroll costs, including compensation to employees; payments for various types of leave; severance payments; payments for group healthcare benefits (including insurance premiums), retirement benefits, and state and local employment taxes
- Interest payments on any mortgage obligations or other debt obligations incurred before February 15, 2020 (but not any payments or prepayments of principal)
- Rent
- Utilities

The loans cannot be used for compensation in excess of an annual salary of \$100,000; employees with a principal place of residence outside the United States; or leave wages already covered by the Families First Coronavirus Response Act.

Unlike traditional SBA 7(a) loans, no personal guarantee will be required, no collateral needs to be pledged, and businesses are not required to show they cannot obtain credit elsewhere. Rather, a business must only certify that the loan is necessary because of the uncertainty of current economic conditions; that funds will be used to retain workers, maintain payroll, or make lease, mortgage, and utility payments; and that they are not receiving duplicative funds for the same uses.

Payments of principal, interest, and fees will be deferred for at least 6 months, but not more than 1 year, and interest rates are capped at 4%. The SBA will not collect any guarantee fees for the loan, and all prepayment penalties are waived. Loan forgiveness may be permitted for 8 weeks, commencing from the origination date of the loan of payroll costs and rent payments, utility payments, or mortgage interest payments.

Businesses receiving emergency Paycheck Protection Program 7(a) loans are not be eligible for payroll tax credits allowed in the CARES Act.

Guidance is expected from the Small Business Administration (SBA) on these emergency loans within the coming weeks. Practices should consult their accountants and attorneys for details.

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