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## COVID-19 Resource Center

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## CARES ACT ASSISTANCE FOR MID-SIZE BUSINESSES

The Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) was signed on March 27, 2020 to provide economic relief to individuals, companies and government bodies affected by COVID-19. Some of the more talked about provisions of the Act are the Paycheck Protection Program (PPP) and the Economic Injury Disaster Loans (EIDL). However, these programs are generally not available for employers who have more than 500 employees.

So, are there any provisions available if you are an employer who has more than 500 employees? **The answer is – YES.**

### What are the details?

\$454 billion have been set aside under Section 4003 of the CARES Act to assist mid-size businesses. Programs will be implemented to provide financing to banks and other lenders that can make direct loans to eligible businesses.

### Who are eligible businesses?

Eligible businesses are businesses including non-profit organizations with employees between 500 and 10,000.

### What will be the interest rate for a loan taken under this program?

Maximum interest rate could be 2% per annum. In addition, no principal or interest will be due and payable for the first six months or for as long as the Secretary may determine.

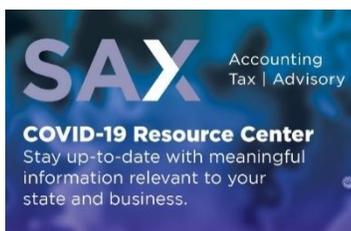
## Are there any conditions that need to be met to get this loan?

Yes, an eligible borrower applying for a loan under this program should make a good-faith certification that:

1. The uncertain economic conditions make the loan request necessary for ongoing operations;
2. the funds the borrower receives will be used to retain at least 90% of its workforce at full compensation through September 30, 2020;
3. the recipient will restore its workforce to at least 90% of its workforce as of February 1, 2020, and will restore all compensation and benefits to its workers no later than 4 months after the termination of the declared public health emergency;
4. the recipient is an entity domiciled in the United States with significant operations and employees located in the country;
5. the recipient is not a debtor in a bankruptcy proceeding;
6. the recipient was created or organized in the United States or under the laws of the United States and has significant operations and a majority of its employees are based in the country;
7. while the loan is outstanding, the recipient will not:
  - (i) pay dividends on its common stock, or
  - (ii) repurchase an equity security that is listed on a national stock exchange;
8. while the loan is outstanding and for two years thereafter, the recipient will not outsource or offshore jobs;
9. while the loan is outstanding and for two years thereafter, the recipient will not abrogate existing collective bargaining agreements; and
10. while the loan is outstanding, the recipient will remain neutral in any union organizing effort.

## How much loan can an eligible business get and what are the terms?

Details such as the amount, the terms, the underwriting and the application process are still being finalized by the Secretary of the Treasury and are expected to be communicated soon. Sax will continue to keep you posted as updates on this program emerge.



**Sax will keep you informed as important updates emerge. Reach out to your Sax advisor with questions or visit [Sax's COVID-19 Resource Center](#) for more information.**