As of March 27, the Senate and House have passed the “Coronavirus Aid, Relief and Economic Security” (CARES) Act and it was signed by the President. Following passage, guidance and interim rules for this new law have come swiftly. Both lenders and borrowers have experienced some confusion and both of our associations have been working hard to clarify the guidance and rules in order to advise dentists on the options available to them to assist with the economic hardship that the dental profession is facing during this crisis and beyond.

There are multiple Small Business Administration (SBA) loan options available for employers. There has been a lot of confusion about not being eligible for the new Paycheck Protection Program (PPP) loan if you already have an Economic Injury Disaster Loan (EIDL). That is not correct; you can apply for both and have both, but you cannot use the proceeds for the same purpose. You should also consult with your financial advisors to determine whether the tax credit provisions created by the CARES Act might be a better fit for your individual practice.

Below is a quick recap of the loans affected by the CARES Act:

**Economic Injury Disaster Loan (EIDL) - Section 7(b) of SBA**

- **We encourage you to apply for this ASAP.**
- It is ONLY available through the SBA website.
  - Please use this link to be processed for an application online: [https://covid19relief.sba.gov/#/business-info](https://covid19relief.sba.gov/#/business-info)
- Applications made after March 29 will include a box that an applicant can check to request an emergency grant of up to $10,000, which the SBA was originally mandated to provide within 3 business days of grant request. The SBA has amended that to 7-10 days. This grant will not have to be repaid even if you are not approved for the loan. If you did not get a loan application number, please reapply using the new form to ensure you can receive the grant.
- Only $10 billion is set aside for the grant program, and the grants are to be given out first come, first served.
- EIDL grant amounts will be determined by SBA; at this time it is unclear how that is determined.
- For the EIDL loans, the terms are: 3.75% interest, up to 30-year repayment, 12 months no payments but interest will accrue.
- The credit score of applicant is the primary factor in approval as well as a practice’s collections and expenses.
- The SBA will determine the amount of an EIDL loan and the loan is available to pay for expenses that could have been met had the disaster not occurred. This includes payroll and other operating expenses; however, we encourage you to use these loans for costs other than payroll if you plan on receiving a PPP loan, as described below.
- For any loan made under this program, no personal guarantee will be required on loans up to $200,000.
- If you receive EIDL money and you intend to also apply for the PPP loan, please consult with your tax advisor to develop an efficient plan for the use of the loan proceeds.
Paycheck Protection Program (PPP) Loan - Section 7(a) of SBA

- This loan will be provided by SBA-approved banks. We encourage you to contact your business banker for additional information. You can search for preferred lenders here.
- Beginning April 3, small businesses and sole proprietorships can begin applying for PPP loans.
- These loans are provided on a first come, first served basis.
- As of April 9, Congress provided $349 billion for these loans. Negotiations continue to provide additional funds to PPP loans.
- For PPP loans, the terms are: 1% interest, up to 2-year repayment, 6 months no payments but interest will accrue.
- Lenders must provide loan dollars to the borrower within 10 days of loan approval.
- Loan proceeds are limited to 2.5 times the average monthly payroll costs (wages, health insurance, PTO, retirement benefits and state or local payroll taxes assessed on compensation of employees) and do not include federal payroll taxes. This includes Employee/Owner Compensation up to $100,000.
- There will be an amount eligible for forgiveness - this amount must be calculated and cannot exceed the sum of the payroll costs, mortgage interest, rent and certain utility payments in the 8-week period following funding. The amount of loan forgiveness is contingent on having 75% of the number of employees back on payroll by June 30, 2020.
- Beginning April 10, independent contractor employees (1099) and self-employed dentists are eligible for their own PPP loans and therefore, salary cannot be included in any loan forgiveness for payroll for the employer/owner.
- To seek forgiveness, documentation will be provided to the lender that includes the qualified expenses during the 8-week period subsequent to loan closing.
- If you use your EIDL loan for payroll costs, you must refinance your EIDL into the PPP loan.
- You are not prohibited from obtaining both PPP and EIDL loans regardless of when you receive either loan dollars.

If you decided to take the Employee Retention Tax Credit that was created by CARES, you cannot take out a PPP loan.

The ADA greatly appreciates its partnership with the Academy of Dental CPAs, which has allowed us to bring you the latest and best information available to make your practice decisions. We know and understand the concerns you have; not only financially, but also the related health concerns created by the current pandemic. Please understand the ADA and the ADCPA will continue to assess matters, as they progress, and if we feel there is a need for an update to this correspondence, we will certainly will take that into consideration.