

Coronavirus Aid, Relief, and Economic Security Act (CARES) Paycheck Protection Program

Phase III of the government's response to the COVID-19 virus has been signed into law and creates a new, temporary loan program to assist businesses, including auto dealers. If you are

Resources

[Treasury Department: Paycheck Protection Program Overview and Application Information](#)

[Senate Committee on Business and Entrepreneurship: Paycheck Protection Program FAQs for Small Businesses](#)

[U.S. Chamber of Commerce: Coronavirus Emergency Small Loans Small Business Guide and Checklist](#)

About

- The CARES bill provides \$350 billion for 100 percent federally-guaranteed loans for eight weeks.
- Dealers may borrow up to 250 percent of their average monthly payroll cost and may be forgiven equal to the amount spent over an eight week period following the origination date of the loan.
- Eligible businesses must have paid salaries and payroll taxes prior to February 15, 2020 and have fewer than 500 employees.
- For those auto groups with more than 500 employees eligibility affiliation rules may be waived under certain criteria. [Click here for information from NADA on how this applies to dealers.](#) The other requirement for qualification under this provision is that your Franchise Agreement must be registered with the SBA. NADA has been working with the OEM's to get these agreements registered. Click [HERE](#) to see the most recent list of registered franchise identification codes (this is changing daily)
- Loans can be used for "payroll costs" up to an annual rate of \$100,000 per employee. This also includes interest on mortgage obligations, rent, and utilities.
- SBA-certified lenders and non-SBA lenders will be authorized to make Payment Protection loans through delegated authority for quicker processing.
- Loans will not require an application fee, personal guarantees, collateral, or closing costs.
- It is recommended that you consult with your attorney or CPA for assistance.

Source: AIADA