

How Can the CARES Act Help Optometry Clinic & Optical Owners?

The CARES Act is designed to help small business owners "keep the lights on" and keep staff employed during the economic fallout caused by COVID-19.

The government has approved **unprecedented** relief to not only provide a loan during these times, but also **forgive that loan (effectively making it a grant) for a large percentage of most doctor's operating expenses.**

Maximum Loan Amount: Small business owners with fewer than 500 employees can apply for a maximum loan amount of 2.5x their monthly payroll expenses.

How Long Will Approval Take? The government has removed many barriers that traditionally bog down the SBA approval & underwriting process (*not requiring collateral, dramatically expanding lenders, every loan being guaranteed by the federal government, and more*), so these loans are predicted to be approved as quickly as 1-2 weeks from the date of application.

Who Qualifies? Virtually every small business owner with <500 employees, self-employed personnel, and independent contractors are all granted relief under the CARES Act.

Which Expenses Under These Loans Are Forgiven? Every qualifying dollar that you spend on payroll (salary cap of \$100K/ year) including healthcare, utilities, rent, and business real estate mortgage interest for **eight weeks after the date your SBA loan originates** will be forgiven 100%.

What Payroll Qualifies for Loan Forgiveness? From what we've gathered, payroll expenses qualify for forgiveness if the employee is paid at least 75% of their regular salary during the eight weeks after your loan originates, and remain employed by your business through June 30, 2020.

There is a salary cap for forgiveness of \$100K/ year (*i.e. if any employee's salary is \$150K/ year, loan **forgiveness** only applies up to \$100K*). If you cut an employee's pay by more than 25%, loan forgiveness begins to taper off until it disappears completely.

Do All SBA Loans Qualify? No. There are still several types of SBA loans. Make sure you're applying for an SBA loan specific to the CARES Act relief if you're seeking the benefits outlined above.

Do You Have Other Questions? Again, we are only able to distill and distribute what we've been told by the U.S. Chamber of Commerce's Chief Policy Officer. We are not experts on the CARES Act or SBA loans — we're just doing everything we can to help you, our members, understand what relief is available to you.

Please contact [an SBA lender in your state](#) that is processing SBA loans under the CARES Act if you have questions beyond what's contained in this email.

Scenario #1: You Haven't Yet Laid Off Any Employees

Let's say payroll for you and your employees is \$50,000 per month. Your maximum loan amount would be \$125,000 (2.5x your monthly payroll costs).

You've managed to not layoff any employees up to this point because you've been waiting to see what relief the government would provide.

You could apply for the loan as soon as they're made available without any need for collateral or other traditional SBA requirements and possibly receive funding as quickly as 1-2 weeks from your application date.

From the date your loan originates, all payroll for the next eight weeks qualifies for forgiveness, assuming you have not cut each employee's pay by more than 25% and they

remain employed by you through June 30, 2020. Rent, utilities, and real estate mortgage interest during those eight weeks would also be forgivable.

Scenario #2: You've Already Made Furloughs or Layoffs, but You Choose to Hire Them Back

If you've already laid off or furloughed employees, all relief and forgiveness is still available to your business for every employee you rehire.

Say you couldn't afford the \$50,000 monthly payroll outlined in Scenario #1 above, so you let 80% of your staff go, leaving only \$10,000 in monthly payroll. **It doesn't change your forgiveness qualification as long as you hire back your employees after your loan originates.**

You'd apply for a maximum loan of 2.5x your **original** monthly payroll (prior to layoffs / furloughs), hire your employees back the day your loan originates, and all payroll expenses + rent + utilities + real estate mortgage interest would be forgivable during those eight weeks (assuming the employees remain employed by you through June 30, 2020).

Scenario #3: You've Already Made Furloughs or Layoffs, but You Choose NOT to Hire Them Back

Any employee you keep employed or hire back at at least 75% of their regular payroll qualifies for eight weeks of payroll loan forgiveness **on an employee-by-employee basis** starting from the date of your loan origination.

Any employees you don't rehire, or any employees you terminate prior to the government's mandated June 30th, 2020 date, will not qualify for forgiveness under the CARES Act.