

## CARES Act and Associations

Congress has issued the **Coronavirus Aid Relief and Economic Security (CARES) Act** intended to help small business get through the current crisis. There are various parts to this act that may be of benefit:

- Paycheck Protection Program (PPP)
- Emergency Economic Injury Grant (EEIG)
- Small Business Debt Relief Program

A number of associations have asked us if the CARES Act will apply to associations. the short answer is we don't know but it certainly appears that associations will qualify. We do know that dozens of associations received SBA guaranteed loans and assistance in the aftermath of the Northridge California earthquake in 1994 (OK, that tells you how long we've been knocking around this industry). That tells us that associations will somehow meet the qualifications of SBA so there should be assistance available now in this time of crisis.

A copy of the Senate's Small Business Owners Guide to the CARES Act document is available [here](#). This 11-page guide provides some summary answers which are listed below:

### Paycheck Protection Program

1. Entities with fewer than 500 employees will qualify for the PPP loan
2. Classifications of entities that may apply to homeowner or timeshare associations are as follows:
  - 531311 - Residential property managers (management companies)
  - 531390 - Other activities related to real estate (condominium and homeowners associations)
  - 713990 - All other amusement and recreation industries (timeshare associations)
  - 721199 - All other traveler accommodation (timeshare associations)
  - 813410 - Civic and social organizations (Associations exempt under IRC 501(c)(4))
  - 813910 - Business associations (Business commercial and other nonresidential associations)
  - 813990 - Other similar organizations

Source: SBA Table of small business size standards match to North American industry classification system codes which is available [here](#).

3. Entity must have been in existence as of February 15, 2020
4. Entities must apply by June 30, 2020
5. Loan proceeds under the Paycheck Protection Program must be used for payroll, rent, utilities, or other related costs to keep the organization operating

Loan types are listed [here](#).

### Emergency Economic Injury Grant

1. Entity must have been an existence as of January 31, 2020
2. Organization must be a non-profit entity organized or doing business under state law
3. Grants are available for the period January 31, 2020 through December 31, 2020
4. An entity may have both an Emergency Economic Injury Loan or Grant and a Paycheck Protection Program loan