



THE IMPACT OF COVID-19

CORONAVIRUS UPDATES FOR AMERICA'S HOTEL OWNERS

Coronavirus Aid, Relief, and Economic Security (CARES) Act: A Brief Summary for AAHOA Members

Released March 26, 2020

Last night, the Senate passed the largest stimulus bill in the history of the United States totaling over \$2 trillion. This is one of the most significant steps to help bring some relief to hoteliers during this crisis. Ultimately, the only thing that will fully help our industry to get through this difficult time is a return to travel and the ability to get heads in beds. Our most immediate concern however, the need for capital to spend on payroll and operating costs, is addressed in this bill and will provide critical assistance to hoteliers across the country.

The House will debate the legislation today and will vote on it tomorrow. We expect this to pass unanimously and the President will then sign it into law. Once the bill is passed, the regulatory writing process will begin and we will continue to raise our concerns and perspectives with the Administration.

Below is a brief summary of the critical points that impact AAHOA Members and a detailed summary is attached. We will continue to create more specific information moving forward to help guide our members. Please also make sure you plan to attend our webinar discussing the small business implications of the new law.

Hotel Owners & COVID-19 Webcast: The CARES Act

Date & Time: Wednesday, April 1, 4:30-5:30 p.m. EDT

Description: Gain a better understanding of the Coronavirus Aid, Relief, and Economic Security Act or the CARES Act, what it entails and what it means for America's hotel owners.

Speakers: Chuck Pinkowski, Owner, Pinkowski & Company; Adam Sacks, President, Tourism Economics; and Michelle Russo, Founder & CEO, HotelAVE

AAHOA does not provide business or legal advice or representation to anyone. AAHOA goes to great lengths to ensure the information it provides is accurate and useful, but strongly recommends that all members consult a lawyer and obtain professional advice and representation that is appropriate to his/her particular situation.

FOR MORE INFORMATION | COVID19@AAHOA.COM | WWW.AAHOA.COM/COVID-19 | 404.816.5759



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- Provide \$350 billion to support loans through a new Paycheck Protection Program (PPP) for small businesses with 500 employees or fewer, as well as those that meet the current Small Business Administration (SBA) size standards
- The size of the loans would equal 250 percent of an employer's average monthly payroll (with a cap of \$10 million).
- Covered payroll costs include salary, wages, and payment of cash tips (up to an annual rate of pay of \$100,000); employee group health care benefits, including insurance premiums; retirement contributions; and covered leave
- The cost of participation in the program would be reduced for both borrowers and lenders by providing fee waivers, an automatic deferment of payments for one year, and no prepayment penalties
- Loans would be available immediately through more than 800 existing SBA-certified lenders, including banks, credit unions, and other financial institutions, and SBA would be required to streamline the process to bring additional lenders into the program.
- The Treasury Secretary would be authorized to expedite the addition of new lenders and make further enhancements to quickly expedite delivery of capital to small businesses
- If an employer maintains its payroll during the covered period the portion of the loan used for covered payroll costs, interest on mortgage obligations, rent, and utilities would be forgiven. This is intended to help workers remain employed and affected small businesses to recover quickly
- The program would be retroactive to February 15, 2020 to help bring workers who may have already been laid off back onto payrolls
- The maximum loan amount for SBA Express loans would be increased from \$350,000 to \$1 million. Express loans provide borrowers with revolving lines of credit for working capital purposes
- Expands eligibility for small businesses to access the SBA's Economic Injury Disaster Loans (EIDL), while also giving SBA more flexibility to process and disperse small dollar loans
- Allows businesses that apply for an EIDL expedited access to capital through an Emergency Grant—an advance of \$10,000 within three days to maintain payroll, provide paid sick leave, and to service other debt obligations
- \$10 billion would be provided to support the expanded EIDL program. The bill requires SBA to pay all principal, interest, and fees on all existing SBA loan products, including 7(a), Community Advantage, 504, and Microloan programs, for six months to provide relief to small businesses negatively affected by COVID-19.

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