



# THE IMPACT OF COVID-19

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## CORONAVIRUS UPDATES FOR AMERICA'S HOTEL OWNERS

### SMALL BUSINESS PROVISIONS IN THE HEROES ACT

After combing through the small business provisions in the HEROES Act that was released Friday, May 15, AAHOA was pleased to see the recommended fixes to PPP incorporated into the bill. Below is a high-level summary of what is included in the bill related to small businesses.

#### The HEROES Act would adopt the following provisions:

- Extends the PPP covered period to 12/31
- Extends the rehiring deadline to 12/31 for loan-forgiveness purposes
- Extends the loan-forgiveness period from 8 weeks to 24 weeks from the date the loan commences or 12/31, whichever comes first
- Eliminates the 25% cap on non-payroll expenses for the purpose of calculating the forgiveness amount
- Provides an exemption on the loan-forgiveness requirement for employers if they are unable to rehire or demonstrate the inability to find similarly qualified individuals on or before 12/31

#### It also would:

- Expand to include all nonprofits, local news media organizations, and critical access hospitals as eligible to receive PPP loans
- Extend loan maturity from 2 years to a minimum of 5 years
- Provide a 25% carve out for businesses with 10 or fewer employees
- Provide a 25% carve out for nonprofits, of which not more than 12.5% may be used for nonprofits with 500 or more employees
- Provide a 25% carve out, or \$10 billion, for community development financial institutions (CDFIs) and minority depository institutions (MDIs)
- Require returned loan amounts be used for the cost to guarantee loans to businesses with 10 employees or fewer
- Institute reporting requirements, including the collection of information on veteran status, gender, race, and ethnicity; number of FTEs on 2/15/20, day of loan application, and day of application for forgiveness
- "Ban the box" on the PPP application
- Ban businesses with an owner of more than 20% of the company who was convicted of financial fraud within the past 5 years
- Require the interest rate to be calculated on a non-compounding, non-adjustable basis
- Provide \$1 billion in technical assistance grants to community financial institutions, insured depository institutions with assets less than \$10 billion, and credit unions with assets less than \$10 billion

*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.*

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