

COVID-19 RELIEF

FAQs on COVID-19

FINANCIAL RELIEF for INDIVIDUALS, SMALL BUSINESSES, and NON-PROFITS

by Ellen Marks¹, April 3, 2020²

¹ This information is provided by Ellen Marks for Congress as a service to our neighbors and friends at this difficult time. The information contained in this publication should not be construed as legal advice. This is an evolving area, with new legislation, and in many cases the regulations implementing these new provisions have not been written and federal and state agencies and lenders are actively updating their websites to provide clearer and more current guidance. If a website doesn't have the information you need, check back again later.

² Please check our website regularly to determine whether a more recent version of these FAQs has been posted. www.ellenmarksforcongress.com.





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NOTE: Timing and deadlines referenced in this document are likely to continue to change. Please check source documents / links for most up-to-date times, dates and deadlines.

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ADDITIONAL RESOURCES:

A number of organizations have assembled guides to both federal and state responses to Covid-19 that is being updated regularly:

- [The National Consumer Law Center](#)
- [The Indiana Democratic Party](#)
- [Indiana Legal Services](#)

Please visit our [website](#) regularly to determine whether a more recent version of these FAQs has been posted. [Subscribe to our email](#) list to be notified of updates.



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INTRODUCTION

We know that many of our friends and neighbors are struggling as social distancing rules and school closures affect jobs, businesses, paychecks, healthcare, childcare and daily lives. And we know that many have urgent needs and obligations, from putting food on the table to paying rent and mortgages to collecting unemployment benefits. There is a lot of relief that has been adopted and either is available or will become available soon. We have pulled together a set of answers and resources from federal, state and local governments here in Indiana to help, with links to some of the websites that are regularly updating their information.

The most important thing to note is that, although some relief is automatic, ***you must apply for or take other action to receive many of the benefits or assistance discussed here.***

Please keep in mind that much of the relief discussed here is new, and government agencies and businesses are trying to figure out how to provide it in real time. Their staff may be working from home, and workloads are growing dramatically. Everyone is worried and stressed. It may not be possible to be patient, but please try to be kind.

Finally, please remember, records matter. You should consider keeping track of

- Which entities you reached out to,
- Who you spoke with,
- What number you called (so you have it handy for follow up),
- ***Case numbers if assigned (especially important so that you don't have to start over),***
- The dates and times of your calls,
- Any requested information that you provided or were asked to provide, and
- Anything you sent in response to a request for information (including the date and time of the request, the date and time of your response and how you submitted it).

If you speak to someone who needs documentation, ask whether you can email them photos of requested items if you don't have a copier or scanner. You may also want to ask whether there are online versions of forms you can complete and send in or whether they are recommending other approaches.

*****Beware of Scams*****

- There are already reports of active scams trying to use the promise of speedier payments as a way of obtaining money, social security numbers, bank account information and other personal information. No one is currently in possession of a check for \$1200, there are no "expedited processing fees".
- No one is going to call you from the Treasury Department or the IRS to ask you for your social security number. [From Treasury](#), "If you receive calls, emails, or other communications claiming to be from the Treasury Department and offering COVID-19 related grants or stimulus payments in exchange for personal financial information, or an advance fee, or charge of any kind, including the purchase of gift cards, please do not respond. These are scams."



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INDIVIDUALS

1. How do I get the cash payment approved by the federal government?

The IRS has indicated that most people who are otherwise eligible to receive the payment and below the income caps don't need to do anything to receive their "[economic impact payments](#)" (the new term the IRS has adopted) and will simply receive a direct deposit to the account they designated in their 2019 tax return (or their 2018 tax return, if they have not filed a 2019 tax return). The IRS will calculate the amount payable.

For senior citizens, social security recipients and railroad retirees, the IRS will use the information provided on Form SSA-1099 or Form RRB-1099 but notes that it will not have dependent information and so will send only the \$1200 payable to the beneficiary.

For some people, though, such as those who do not have a bank account, have not filed a tax return, a Form SSA-1099 or a Form RRB-1099 that includes direct deposit information, have had a change in marital status, are homeless or have other challenges or questions as to their eligibility, more action will likely be necessary. As the IRS indicates, it will develop a web-based portal for individuals to provide their banking information online in order to receive payments faster than in the mail. You can keep track of the [information provided by the IRS here](#).

2. I lost my job. How do I apply for unemployment?

In Indiana, all applications for unemployment are filed electronically, either from a computer or a smartphone, at the [Indiana Department of Workforce Development](#) (DWD). DWD has updated its FAQs to reflect provisions of the CARES Act that significantly expand the amount and duration of employment benefits, as well as who will qualify, but notes that it is waiting for further information from the federal government. DWD published FAQs on April 2 in [English](#) and in [Spanish](#).

A few important things to note:

- ***** IMPORTANT: ACTION REQUIRED:** After you file, [you must file a weekly voucher](#) even if the DWD has not yet made a determination about your benefits.
- DWD indicated that the first payment is typically made within three weeks of filing, if there is no problem.
- The DWD has developed a schedule for people to call and asked questions, based on the first letter of their last name, to try to minimize wait times (e.g., Monday for those with last names beginning with A-E). The [schedule](#) also includes contact information.

3. I lost my job. Can I keep my health insurance or get new health insurance?

Currently, under the Affordable Care Act, people who lose their jobs and their job-based insurance have a 60-day Special Enrollment Period under which they can [enroll in an insurance plan](#). You may also be able to continue to participate in your employer-based insurance plan under [COBRA](#). You may also qualify for [Medicaid](#). For additional information and to get started, visit [healthcare.gov](#). ***** IMPORTANT: ACTION REQUIRED:** Note that the ability to use the Special Enrollment Period or to make a COBRA election are both time limited, You may want to plan on filing as quickly as you can, as it is possible that processing times may be delayed.



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4. I can't pay all my bills. Is there any help?

In many cases, yes. There may be help from government agencies and the utilities themselves, and many nonprofit agencies are also providing support.¹

a. Utilities

The following services cannot be cut off during Indiana's state of emergency (See paragraph 5 of [Governor Holcomb's Executive Order 20-05](#) of March 19, 2020):

- Gas
- Electric
- Broadband
- Telecommunications
- Water
- Wastewater

Some utilities proactively stopped disconnections ahead of the Executive Order. For example, [NIPSCO](#), on March 13, announced that it was stopping disconnections, offering very favorable payment plans, and would not assess late fees until June 1.

Utility bills continue to be due and payable during this crisis, even though the utility service will not be disconnected. The Indiana Utilities Regulatory Commission (IURC) recommends contacting utilities if you are struggling to make payments and provides important guidance to customers on [available resources](#). Note that the IURC page has not been updated for COVID-19.

For small businesses borrowing under the loan programs described in this document, one of the permitted uses of loan funds is to make utility payments, which may then be forgiven under the terms of the loan.

b. Rent and Eviction

Rent still needs to be paid. However, evictions for non-payment have been suspended in Indiana during the state of emergency, currently until May 5th by [Executive Order](#). The Indiana executive orders do not protect against late fees or penalties due to late payment, while the federal CARES Act does.

The [Indiana Supreme Court](#) has also [issued guidance](#) to courts which notes that eviction actions cannot be initiated. The CARES Act passed at the federal level suspends all evictions for properties benefiting from federal loans or support from federal agencies until 120 days after the date of passage of the law and requires servicers of such properties to give 30 days' notice of any requirement to vacate. See Section 4024 of the CARES Act. In both cases, rent must still be paid.

The CARES Act does not permit late fees for non-payment of rent for properties that have federal loans or benefit from federal support. Although this FAQ discusses below possible ways to determine whether a property benefits from federal loans or federal support, including through Freddie Mac and Fannie Mae, renters generally do not have access to this information. Renters should check with their landlords as to whether they may still be assessed late fees.

¹ This document does not list these nonprofits, but we will add them to the next version if the nonprofits ask to be included.



c. *Mortgages and Foreclosure*

All foreclosures in Indiana are currently suspended due to executive order. This is in place until May 5th but may be extended. The Indiana Supreme Court has also issued guidance to courts which notes that foreclosure actions cannot be initiated.

1 to 4 family homes. Under the CARES Act, a borrower with a “federally backed mortgage loan” may request forbearance--permission to stop making mortgage loan payments for a time--regardless of delinquency status, by submitting a request to the borrower’s servicer and affirming that the borrower is experiencing a financial hardship during the COVID–19 emergency. CARES Act, Section 4022. The servicer must grant the forbearance for up to 180 days and may not charge late fees or other amounts that would be due because of nonpayment of interest or principal. Interest will continue to accrue. The forbearance may be extended for up to 180 additional days. ***** IMPORTANT: ACTION REQUIRED: Borrowers who wish to get the benefit of the CARES Act forbearance provisions must contact their servicer, affirm that they are experiencing a financial hardship and make an express request for forbearance.**

A “federally backed mortgage loan” includes mortgage loans insured, guaranteed or made by the FHA, the VA and the Department of Agriculture’s Rural Home Service (RHS) and those owned or securitized by Freddie Mac and Fannie Mae. The National Consumer Law Center provides the following information on how to check if a property benefits from a “federally backed mortgage loan”.

- Fannie Mae and Freddie Mac have easy loan look-up websites to determine if they own a mortgage.
- To determine if a loan is FHA-insured, look for an FHA case number on the mortgage document, specific language in the mortgage and note forms, or through the payment of an FHA premium on the mortgage statement. In some cases, unfortunately, loans may have been stripped of their FHA-insured status; call HUD’s National Servicing Center at 877-622-8525 if there are questions.
- A VA-guaranteed loan also has specific language in the note and mortgage identifying it as a VA loan, and there are fees paid to the VA noted in closing documents.
- While a borrower with a mortgage directly extended by the RHS will be very familiar with the agency, homeowners with privately serviced RHS-guaranteed loans often do not know the loan’s status. A borrower can confirm if a loan is RHS-guaranteed by directly asking the servicer to review the homeowners’ closing documents.

Multifamily properties. Under the CARES Act, a borrower with a “federally backed multifamily mortgage loan” that was current as of February 1, 2020 may request forbearance (not defined), by submitting an oral or written request to the borrower’s servicer and affirming that the borrower is experiencing a financial hardship during the COVID–19 emergency. See CARES Act, Section 4023. The servicer must grant the forbearance for up to 30 days. The forbearance may be extended for up to two additional 30-day periods. The request for forbearance must be made by the earliest of the end of the federal declaration of emergency or December 31, 2020. During any forbearance, the borrower must similarly provide forbearance to any tenants with respect to evictions and late fees related to non-payment of rent. ***** IMPORTANT: ACTION REQUIRED: Borrowers who wish to get the benefit of the CARES Act forbearance provisions must contact their servicer, affirm that they are experiencing a financial hardship and make an express request for forbearance.**



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A “federally backed multifamily mortgage loan” includes a loan on a residential property intended to house 5 or more families if the loan “is made in whole or in part, or insured, guaranteed, supplemented, or assisted in any way, by any officer or agency of the Federal Government or under or in connection with a housing or urban development program administered by the Secretary of Housing and Urban Development or a housing or related program administered by any other such officer or agency, or is purchased or securitized by the Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association. owned or securitized by Freddie Mac and Fannie Mae.” See CARES Act, Section 4023(f)(2)(B).

d. Student loans

The CARES Act suspends payments of interest and principal on federally owned student loans until September 30, 2020. See Section 3513. These loans will not accrue interest while payments are suspended. *For purposes of any loan forgiveness or loan rehabilitation programs under the Higher Education Act for which the borrower would otherwise have qualified*, the suspended payments will be treated as if the borrower had made a payment. Involuntary collections by the federal government, including wage garnishment, application of tax refunds to outstanding debt and reductions of other federal benefits (such as social security payments) will likewise be suspended. See Section 3513(e).

Please note that these provisions only apply to federal student loans held by the Department of Education. ***Privately held student loans do not benefit from these suspension provisions.***

5. What is going to happen to my credit score if I make an arrangement with my lender or creditor?

During the federal state of emergency for COVID-19, you should be able to enter into a payment plan or other accommodation with someone to whom you owe money without it affecting your credit. The CARES Act modifies the Fair Credit Reporting Act to require lenders and other creditors to report as “current” any loans or other obligations for which they agreed to any deferment, partial payment, forbearance, modification or assistance or relief, until 120 days after the end of the federal state of emergency, unless such loans or obligations were already delinquent. See CARES Act Section 4201, Credit Protection during COVID-19 Crisis. Student loans for which payments have been suspended are also treated as if the payments had been made for credit reporting purposes.

SMALL BUSINESSES AND NONPROFITS

6. I own a small business, but we are struggling. How can I get loans or other help?

Although the CARES Act included \$359 billion to fund loans to small businesses, nonprofits and others as described below, we are already hearing about delays in processing applications and a lack of clarity over who can apply. In particular, the largest funding, \$349 billion for the Paycheck Protection Program (the PPP), relies on banks to approve and disburse these funds. To put that in perspective, for all of fiscal year 2019, which ran from October 1, 2018 to September 30, 2019, [the SBA approved just under \\$23.2 billion in loans similarly processed by SBA-approved lenders--or just under \\$2 billion per month, on average.](#) The PPP is a new program, banks have indicated that they continue to wait for guidance, and banks like others are subject to social distancing guidelines that have many personnel working remotely. The program is on a "first come, first served" basis so where possible, applicants should consider applying for both the Emergency Injury Disaster Loans, which provide for \$10,000 funding advances as discussed below and are processed directly by the SBA, and also reach out to banks with which they already have lending relationships to speed the application process for the PPPs.



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Small businesses have a number of borrowing options under the CARES Act, in addition to emergency injury disaster loans (EIDLs) that were already available through the Small Business Administration (SBA). Indiana does have a state of emergency that allows access to the EIDLs. You can find out more information about these lending options at the [SBA website](#) and by downloading the [Indiana Small Business Development Center Resource Guide](#).

The Indiana resources have not yet been updated (as of 4/2/2020 at 4:00pm) to reflect the adoption of the CARES Act.

a. I need money as soon as possible. What is my fastest option?

The Small Business Administration is authorized to give up to \$10,000 advances to eligible applicants for Emergency Injury Disaster Loans (EIDL) in as little as 3 days.

Under the federal government's new CARES Act, eligible small businesses, nonprofits, agricultural cooperatives and others can [apply online for an EIDL](#) and request as much as a \$10,000 advance against their loan application. Loans can be used to cover payroll, rent, mortgages and other permitted expenses. And advances don't have to be repaid if the EIDL is not approved.

For many small businesses, nonprofits, agricultural cooperatives and others, this is likely to be the fastest way to obtain financial relief under the CARES Act. It requires self-certification of eligibility (under penalty of perjury) but does not require that applicants find their own lender or submit extensive paperwork. And applicants under the EIDL program may still apply for loans under the SBA's other lending programs.

b. Are there any other loans I can apply for to keep my employees on payroll?

The largest source of funding for small businesses, veterans' organizations, nonprofits, sole proprietorships, tribal concerns, self-employed individuals and independent contractors is through [the Paycheck Protection Program](#) established under the Small Business Act by the CARES Act. The CARES Act has allocated \$349 billion for this program, and loans are forgivable if employees are retained and certain other conditions are satisfied.

Loans under the Paycheck Protection Program are guaranteed by the SBA, but the responsibility for making the loans is pushed out to banks that are approved SBA lenders. Banks are still working to determine how to implement these provisions and remain subject to regulatory requirements such as "know your customer" provisions that require them to gather information about potential borrowers. Small businesses and others with an established banking relationship should already have cleared the know-your-customer requirements for their current banks, and their current banks may therefore be in a better position to lend to them. Thus, reaching out to your existing banking relationship managers is likely the best way to access these loans, at least for now. The [Indiana Small Business Development Center](#) (which does not appear to have updated its materials yet for the CARES Act) states, "Talk to your current lender or community bank. If they are an SBA-approved lender then they have access to additional SBA loans that you may qualify for." The regional office of the [SBA in Indianapolis](#) may be able to assist.

Loan payments under these loans can be deferred and the SBA will pay principal, interest and fees on them for up to six months.

SBA Express Bridge Loans of up to \$25,000 may also be available from lenders while an EIDL application is pending.