Direct Loans Under Title IV of the CARES Act

The following summarizes the CARES Act requirements for loans or loan guarantees made to eligible businesses.

Eligibility Criteria:
- Business created or organized in the United States and has significant operations in and a majority of its employees based in the United States

Commercial Terms:
- Loan entered into directly with eligible business as the borrower
- Loan cannot be forgiven
- Treasury has the discretion to set terms, conditions, covenants, representations and warranties

Restrictions:
- No stock buybacks (unless contractually obligated) for term of the loan plus one year
- Cannot pay dividends for term of the loan plus one year
- Businesses can only invest in, or loan to, American businesses
- Executive compensation restrictions for the term of the loan plus one year:
  - Employees > $425,000 in 2019 cannot receive a raise, nor can severance be more than double maximum compensation
  - Executives > $3 million in 2019 cannot make more than $3 million + ½ of the amount over $3 million in 2020

1 This fact sheet is intended to provide general information and is not an exhaustive list of the CARES Act’s loan criteria, terms, restrictions, and possible exceptions.