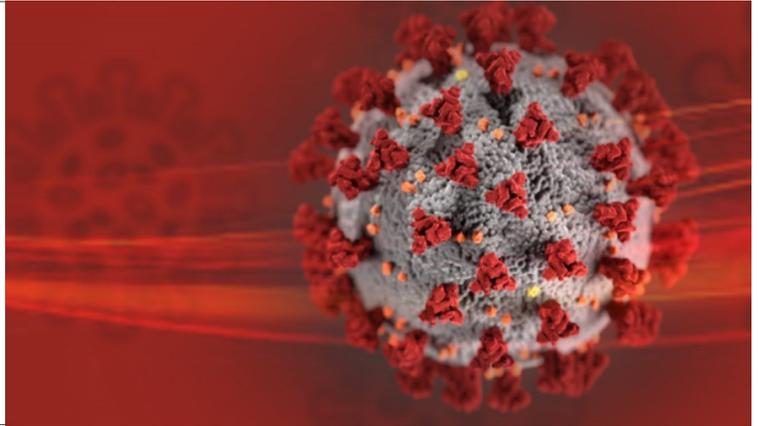


Coronavirus [Covid-19] Small Business Economic Assistance Guide



Updated April 13, 2020 - Check the link to this document periodically for updates.

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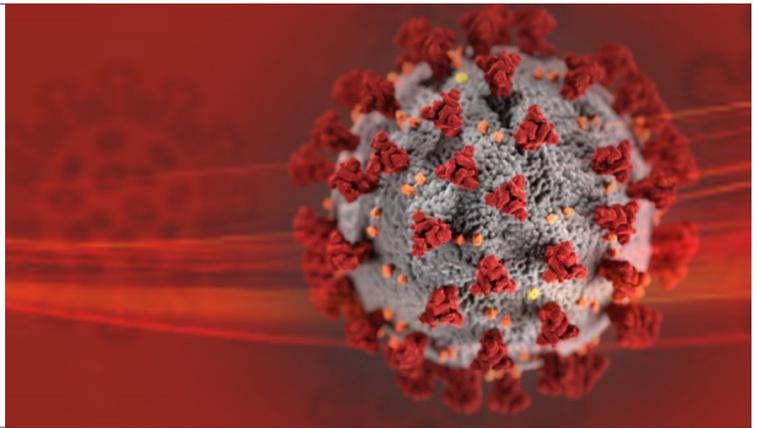
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For additional guidance on accessing these benefits, please contact your Agent.

Coronavirus [Covid-19]

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RESOURCES FOR SMALL BUSINESSES, INCLUDING QUALIFYING NONPROFIT ORGANIZATIONS

[Generally, 500 or fewer employees. Refer to SBA Table of Small Business Size Standards at [SBA.gov/document/support-table-size-standards](https://www.sba.gov/document/support-table-size-standards)]

Economic Injury Disaster Loans available through the Small Business Administration.

- Expanded to include sole proprietor, independent contractor, tribal businesses, cooperatives, ESOPs.
- Up to \$2M loan (2.5 times average monthly payroll).
- Automatic deferral of payments through crisis period with no negative impact on credit reporting.
- 3.75% interest rate for small business.
- 2.74% for nonprofit.
- Offer long term repayments (up to 30 years).
- Allowed to cover almost all operational expenses that the virus has affected your ability to pay.
- Less restrictive application process includes a Good Faith Certificate of Need.

Allows eligible entity who has applied for a loan due to the virus to request an advance of up to \$10k, which SBA must distribute within 3 days. This does NOT have to be repaid.

- Go to www.sba.gov. At the top of the page it will say COVID (click to learn more). You will be brought to a Disaster Loan Assistance Page separated into three categories, Eligible Disaster Areas (which is everywhere in the US), Apply Online, and Check Application Status. This site is updated and easy to navigate. You can find further information on the site about more specific eligibility and application guidelines.

Paycheck Protection Program available through the Small Business Administration.

- The SBA website has been updated with information about the Paycheck Protection Program. This program is designed to provide a direct incentive for small businesses to keep their workers on the payroll.
- Apply through any existing SBA lender or federally insured depository institution, credit union and Farm Credit System that is participating. The Department of the Treasury website allows you to search for lenders by zip code.
- Lenders may begin processing loan applications as soon as April 3, 2020 for small businesses and sole proprietors and April 10 for independent contractors and self-employed individuals.
- **There is a sample loan application form on the SBA website available for download.**

- Eligibility as defined in existing SBA laws (based on SBA employee size standard for the industry, list available on the SBA website). Includes For profit business concerns, 501 (c) (3) non-profits, 501 (c)(19) Veterans organizations, and Tribal businesses that meet existing SBA size standards. Also, special rules were added for faith-based applicants.
- In general, all entities count full-time, part-time, and “other basis” employees of the entity and all U.S. and foreign affiliates.
- 4 affiliation tests apply for loan applicants (to show control or power to control):
 - 50% equity ownership.
 - Common management by CEO, Board, or similar.
 - Identity of interest between close relatives.
 - Stock options, convertible securities, and agreements to merge (given present effect as if rights exercised).
- Business concerns with NAICS codes starting with 72 (accommodations or food service) are eligible if they have 500 or fewer employees per location. Same applies for operating as a franchise under an SBA franchise identifier code. Affiliation rules will not apply to faith-based organizations.
- Loan period February 15, 2020 - June 30, 2020
- Maximum loan \$10M (250% average monthly payroll)
- Interest rate of 1%.
- Maturity 2 years. Six months deferral with no negative impact on credit reporting.
- No collateral or personal guarantees.
- No fees.
- The maximum amount of forgiveness is capped at the principle amount of the loan plus any accrued interest and equal to the sum of payroll costs, interest on mortgage obligations incurred before February 15, 2020, rent obligations in place since before February 15, 2020, and utility payments for services that began before February 15, 2020, *incurred and paid within 8 weeks of your loan origination.*
- Not more than 25% of the loan forgiveness amount may be attributable to non-payroll costs.
- You may use the loan for other necessary operating expenses, but such costs will not be forgiven.
- The maximum forgiveness will be reduced proportionately for reductions in average full-time equivalent employees between pre-crisis levels and the 8-week forgiveness period. The reduction rules will not apply if the employer brings back all employees by June 30, 2020.
- Instead of determining repayment ability (not possible during the crisis) lender to simply determine whether a business was operational on February 15, 2020 and had employees whom it paid salaries and payroll taxes or a paid independent contractor.
- Cannot receive this loan and an Economic Disaster Loan through the SBA for the same purpose (COVID); however an EIDL can be rolled into this one.

Small Business Administration Express and Bridge Loans

- For small businesses who currently have a business relationship with an SBA express lender.
- Maximum allowable loan increased from \$350k to \$1M through December 31, 2020.
- Can access a bridge loan up to \$25k with less paperwork, if have an urgent need for cash while waiting for decision and disbursement on EIDL.

There is still much uncertainty and lack of definitive guidelines for loan eligibility. You won't know definitively if you will qualify until you actually apply for the loan. Additional information is becoming available daily and we will continue to research and provide updated information regularly.

Commercial Loan Deferment

- Title IV Economic Stabilization and Assistance to Severely Distressed Sectors of the US Economy, prohibits foreclosure on all federally-backed mortgage loans for a 60- day period beginning on March 18, 2020. Provides up to 180 days of forbearance for borrowers of a federally-backed mortgage loan who have experienced a financial hardship related to COVID (mortgages backed by Fannie Mae, Freddie Mac, insured by HUD, VA, or USDA). *This is not automatic so you must contact your lender directly.*
- Provides up to 90 days of forbearance for multifamily borrowers with a federally backed multifamily mortgage loan who have experienced financial hardship. Borrowers receiving forbearance may not evict or charge late fees to tenants for the duration of the forbearance period. Again, this is not automatic so you must contact your lender.
- For loans that are not federally backed, the FDIC has encouraged banks to offer loan deferment options and/or reduced payment options, with the amounts deferred added to the end of the loan (even if this causes the loan to exceed the maximum allowable loan term).
- Interest rate options vary by bank.
- Penalties are waived and no negative credit reporting.
- Your lender may offer other hardship and forbearance programs.
- The following banks have committed to offering relief. Ally, Bank of America, Capital One, Chase, Citibank, Discover, Fifth Third Bank, Marcus by Goldman Sachs, PNC, Trust, US Bank, Wells Fargo. Go to American Bankers Association www.aba.com for an alphabetical listing of what banks are offering. The list is not complete and information is updated regularly.

Other Loan Deferments

- In addition to Commercial Mortgage Loans, most banks and other lenders are offering assistance for auto and credit card loans with programs allowing for deferment and extension of the loan terms, while not incurring penalties or negative credit reporting. Interest rates and terms vary by lender. Contact your lender directly as assistance is provided on a case by case basis.

Rent

- The legislation provides for a temporary moratorium on eviction filings for 120 days beginning at the date of the enactment for landlords with federally backed mortgages. Landlords are prohibited from initiating legal action to recover possession of a rental unit or to charge fees or penalties.
- Most states have placed some sort of moratorium on *all* type of rental evictions if the failure to pay rent is due to economic hardship caused by COVID. In states that have not issued a state- wide moratorium, many counties within the state have placed restrictions temporarily on evictions. Additionally, most courts are not holding eviction Hearings. New York has taken the most aggressive action so far placing a 3- month suspension of all commercial and residential evictions and suspending mortgage payments for 90 days for people out of work.
- Unlike mortgage deferral, where payments will be added to the end of the loan, rental payments will eventually need to be paid, as most landlords will be unable to simply waive the payments due to their own loan covenants and liabilities. Therefore, it is advised that rental payments be a priority when allocating funds during the crisis.

Taxes

- The IRS has extended the filing deadline to July 15, 2020 with no interest or penalties for taxes due. Previous limitations on the capped amounts have been waived.
- Estimated tax payments normally due by April 15 have been pushed to July 15, 2020.
- Delay of payment of employer payroll taxes -employers and self-employed individuals may defer payment of the employer share of the Social Security Tax over the following two years (half to be paid by December 31, 2021 and the other half by December 31, 2022). It should be noted this will not be allowed if an SBA loan is used for payroll purposes.
- Modifications of net operating losses -net operating loss arising in a tax year beginning 2018, 2019, or 2020 can be carried back five years. A NOL is temporarily allowed to fully offset income. Prior year amended returns will be required.
- Modification of limitation on losses for taxpayers other than corporations -loss limitation applicable to pass-through

businesses and sole proprietorships have also been modified.

- Modification of credit for prior year minimum tax liability of corporations – AMT credit made available as refundable credits over several years ending in 2021, accelerating the ability of companies to cover those credits, permitting companies to claim a refund now.
- Modification of limitation on business interest by increasing the 30 percent limitation to 50 percent of taxable income (with adjustments) for 2019 and 2020.
- Amendment regarding qualified improvement property – provision enables businesses, especially hospitality industry to write off immediate costs associated with improving facilities instead of having to depreciate improvements over the life of the building. Corrects an error in the Tax Cuts and Jobs Act and allows to file an amended return.
- The IRS website has detailed information on tax changes. www.irs.gov.
- It is advised to contact your tax professional for further advice and assistance on these changes.
- State tax agencies may also be offering tax relief due to COVID.

Families First Coronavirus Response Act (FFCRA)

- Paid leave to employees impacted by the virus with a refundable tax credit to employers to offset the cost of the required paid leave. Allows employers to receive an advance tax credit instead of having to be reimbursed on the back end. See *Individual Resources for further information*. See also www.irs.gov/coronavirus and reference IR-2020-57.
- Employers with less than 50 employees can request a waiver if the leave would jeopardize the viability of their business.
- Healthcare and emergency responders are excluded.
- Employers with 50 or more employees could have a Right of Action filed against them by the employees. If less than 50, the Department of Labor could file suit.

Utilities

- Utility companies are waiving late fees and service shuts offs, as well as, offering repayment plans. Contact your utility providers directly for specific options.

States and Municipalities

- Coronavirus Relief Fund provides \$150B to states, territories, and Tribal governments for expenditures due to the COVID emergency.
- With this and other funding, states and municipalities are adding relief programs by the day. Check the governor's website for your state for up to date information about relief available in your area.
- As an example, the Florida Small Business Emergency Bridge Loan Program is offering \$50-100K loans to for profit small companies with 2-50 employees who have been impacted by COVID. These loans are interest free for the first year but rise to 12% after a year.
- Emergency Unemployment Relief for Governmental Entities and Nonprofit Organizations – provides payments to states to reimburse nonprofits, government agencies, and Indian tribes for half of the costs they incur through December 31, 2020 to pay unemployment benefits. Unsure how this will be administered at this time.

Grants

- Some large companies such as Facebook, Amazon and Google are offering grants to small businesses impacted by COVID although information is limited.

FEMA

- Local government, states, tribes, and certain private nonprofit organizations are eligible to apply for Public Assistance

Grants for life-saving emergency protective measures. Visit www.fema.gov for more information.

Federal Reserve

- The federal reserve is considering launching a direct lending program to consumers, small/medium sized business, which will be done via the regular banking network. This is in addition to many other efforts already made to keep the mortgage market liquid and ease upfront cash burdens, such as cutting short term interest rates, eliminating the reserve requirements so banks can lend more aggressively, regulatory changes so lenders can better serve impacted borrowers and providing liquidity to money market funds critical to funding the short term commercial market.

RESOURCES FOR INDIVIDUALS AND EMPLOYEES

Unemployment Insurance

- Pandemic Unemployment Assistance – provides payment to those not traditionally eligible for unemployment benefits (self-employed, independent contractors, those with limited work experience, and others) who are unable to find work as a direct result of the COVID health emergency. Eligible groups include:
 - Workers laid off or furloughed due to COVID. Cannot claim if working remotely.
 - Workers who quit due to COVID.
 - Workers caring for children or other dependents at home. Cannot claim if on paid sick or family leave.
 - Self-employed workers unable to work due to COVID.
 - Workers who were scheduled to begin employment but cannot due to COVID.
 - Individuals who are not the primary breadwinners because their head of household died from COVID
- Eliminates the waiting week.
- Provides an additional \$600 per week payment to each recipient (above normal entitled payment) for up to four months.
- Provides additional 13 weeks of unemployment benefits (beyond the normal 26 weeks) through December 31, 2020.
- Short-Time Compensation Payments allow employees whose hours have been reduced to receive a pro-rated unemployment benefit.
- Payments are taxable but do not impact Medicaid or Child Health Insurance eligibility.
- Apply through your states unemployment website.
- Most unemployment sites are experiencing many technical issues including crashing due to sheer volume of new applicants. Florida has an updated paper application you can download and mail.

Recovery Rebates for Individuals

- Everyone is eligible except nonresident aliens and those who can be used as a basis for deductions for another person. Must have a work eligible social security number.
- For majority of Americans no action on their part will be required.
- Based off of 2019 tax return or 2018 if 2019 has not been filed.
- Information will be published on how those whose income is below the tax filing requirement can request a rebate.
- Information to be posted by IRS to allow to supply direct deposit information for faster access to funds.
- Payment should be received within three weeks, either via direct deposit or check. IRS has a special COVID landing page on its website, which it updates as more information becomes available. www.irs.gov
- \$1200 per person (\$2400 married) rebate. Plus \$500 per child.
- Rebates reduced after \$75K for individual, \$150K married, and \$112K for Head of Household.
- Rebates are not taxable income.

Families First Coronavirus Response Act (FFCRA)

- Paid leave to employees impacted by the virus.
- Two weeks (80 hours) paid sick leave (regular pay rate up to \$511 per day) if quarantined, showing symptoms, or seeking a medical diagnosis for COVID.
- Two weeks (80 hours) paid sick leave at 2/3 regular pay (up to \$200 per day) to care for an individual subject to quarantine or a child (under 18) whose childcare or school has been closed due to COVID.
- Ten weeks expanded Family and Medical Leave at 2/3 regular pay rate (up to \$200 per day) if employed for 30 days to take care of a child due to lack of childcare, school cancelation or other COVID related reason.

Retirement Funds

- Waiver of 10% early withdrawal penalty for distributions up to \$100K for COVID related purposes made on or after January 1, 2020. Income from withdrawal subject to tax over a three-year period and funds may be recontributed within three years.
- Loan flexibility from certain retirement plans for COVID related relief.
- Waives required minimum distributions for certain defined contribution plans and IRAs for calendar year 2020.

Mortgages

- Title IV Economic Stabilization and Assistance to Severely Distressed Sectors of the US Economy, prohibits foreclosure on all federally-backed mortgage loans for a 60- day period beginning on March 18, 2020. Provides up to 180 days of forbearance for borrowers of a federally-backed mortgage loan who have experienced a financial hardship related to COVID (mortgages backed by Fannie Mae, Fannie Mac, insured by HUD, VA, or USDA). *This is not automatic so you must contact your lender directly.*
- For loans that are not federally backed, the FCIC has encouraged banks to offer loan deferment options and/or reduced payment options, with the amounts deferred added to the end of the loan (even if this causes the loan to exceed the maximum allowable loan term).
- Penalties will be waived and deferments will not impact credit rating.
- Interest rates and policies vary by bank.
- Your bank may offer other hardship and forbearance options.
- The following banks have committed to offering relief; Ally, Bank of America, Capital One, Chase, Citibank, Discover, Fifth Third Bank, Marcus by Goldman Sachs, PNC, Trust, US Bank, Wells Fargo. Go to the American Bankers Association www.aba.com for an alphabetical listing of what banks are offering. The list is not complete and information is updated regularly.

Student Loans

- Student loan payments, principal, and interest are required to be deferred for 6 months, through September 30, 2020, without penalty to the borrower for all federally owned loans (covers 95% of student loan borrowers). While it is anticipated the deferral will be automatic, you should contact your student loan provider directly.
- The Department of Education has temporarily waived all interest on federally held student loans.

Rent

- The legislation provides for a temporary moratorium on eviction filings for 120 days beginning at the date of the enactment for landlords with federally backed mortgages. Landlords are prohibited from initiating legal action to recover possession of a rental unit or to charge fees or penalties.

- Most states have placed some sort of moratorium on *all* types of rental evictions if the failure to pay rent is due to economic hardship caused by COVID. In states that have not issued a moratorium, many counties within the state have. Additionally, most courts are not holding eviction hearings. New York has taken the most aggressive action so far placing a three-month suspension of all commercial and residential evictions and suspending mortgage payments for 90 days for people out of work.
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Utilities

- Utility companies are waiving late fees and service shuts offs, as well as, offering repayment plans. Contact your utility providers directly for specific options.

Taxes

- The IRS has extended the filing deadline to July 15, 2020 with no interest or penalties for taxes due (up to \$1M for individuals and non-corporations and \$10M for corporations).
- Estimated tax payments normally due by April 15 have been pushed to July 15,2020.

Food Stamps

- Supplemental Nutrition Assistance Program (SNAP). Previous in person interviews have been waived by the Secretary of Agriculture. To apply online go to www.fns.usda.gov/snap/state-directory , click on your state and you will find various information for your state including an online application.
- It is anticipated this program will be enhanced in future legislation related to COVID.

Health Insurance (if lost due to unemployment)

- Investigate being added to your spouse's insurance.
- Utilize COBRA through your employer. This is generally very expensive once the employer is no longer contributing but loan forgiveness is available to employers who continue medical coverage for furloughed employees.
- Affordable Care Act Insurance – most states have reopened enrollment due to COVID.
- Obtain insurance through Medicaid – most states have expanded their Medicaid programs due to the virus.

New Job Opportunities

- Many companies are hiring large numbers of new employees due to increased online, delivery and other demands caused by COVID-19. Amazon, CVS, Papa John's Instacart, Dollar General, Albertsons Companies, Pepsi, Dominos, Pizza Hutt, 7-Eleven, GE Healthcare, to name a few, have all published they are hiring.

Temporary Work

- Look for work through a Temporary Employment Agency until your former employer is able to return to business.

COVID