

NOTES

SMALL BUSINESS ASSISTANCE

Texas Comptroller of Public Accounts

- If you are struggling with taxes or fees payable to the State of Texas (especially state & local sales taxes collected in February), contact the Comptroller's office.
- They can provide short-term payment agreements and, in most cases, waivers of penalties and interest.
- Contact their Enforcement Hotline at 800-252-8880 to learn about your options to remain in compliance and to avoid interest and late fees during this difficult period.

Coronavirus Aid Relief & Economic Security Act (CARES Act)

Passed the U.S. Senate late Wednesday night. (3/25/2020)

Passed the U.S. House on Friday. (3/27/2020)

Expected to be signed by the President 3/27/2020.

Disaster Declaration made by Governor Abbott. Approved by the President.

Qualified area is all counties in the State of Texas.

Federal Stimulus (Phase I)

- One-time check of \$1,200 per adult making under \$75,000 a year
- One-time check of \$2,400 per couple and \$500 per child for families earning less than \$150,000.
- Secretary of the Treasury states that checks will be deposited within 3 weeks of bill signing.

Economic Injury Disaster Loan (Phase II)

Assistance available

- *working capital loans* for small business to assist through the disaster recovery period.
- Qualified uses - Fixed debts, payroll, accounts payable, other bills that cannot be paid because of the disaster's impact.
- Disqualified uses – refinancing, expansion, growth, infrastructure improvements.

Credit requirements

- Credit History – acceptable to SBA.
- Repayment – must show the ability to repay.
- Collateral – real estate, when available, but will not decline.
- Amounts under \$25k can be unsecured.

Interest rate

- Fixed for the life of the loan
- 3.75% maximum

Loan Terms

- Maximum of 30 years
- Payment deferred for this loan. First payment due one calendar year from the note date.

Loan Limit

- Maximum of \$2 million
- Limited to economic injury determined by SBA.

Information on the application process at www.SBA.gov/disaster

To access the application site, go to <https://disasterloan.sba.gov/ela/>

What you can do to prepare

- **Most recent Federal Tax Return**
- **Year-End Profit & Loss Statement**
- **Current year-to-date Profit & Loss Statement**
- **Monthly break down of sales figures.**

Necessary SBA forms

- Loan Application (SBA Form 5 or 6)
- Tax Information Authorization (IRS Form 4506T)
- Schedule of Liabilities (SBA Form 2202)
- Personal Financial Statement (SBA Form 413)

SBA Webinars on EIDL

- Wednesdays, April 8, April 22, May 6 @ 2:30PM

Keeping Workers Paid & Employment Act (Phase III Federal Stimulus)

Double dip prohibition in the Senate language. A small business cannot obtain this loan while also having an SBA economic Injury Disaster Loan (EIDL).

- **Flexibility is granted through no prepayment penalties on either loan.**
- **Refinancing options are being explored.**

- Provides \$377 billion, within SBA's 7(a) Loan Program, to help prevent small businesses from going under and employees losing their jobs due to economic losses caused by pandemic.
- Provides 8 weeks of cash flow assistance through 100% federally guaranteed loans to small employers who maintain their payroll during this emergency.
- *Retroactive to February 15, 2020.* You can bring workers, who may have been laid off, back onto payrolls.
- *If you maintain your payroll during this emergency, from February 15, 2020 through June 30, 2020, the portion of the loan used for covered payroll costs, interest on mortgage obligations, rent, and utilities over an 8 week period, you can request forgiveness.*
- The amount forgiven will be reduced proportionally by any reduction in employees retained compared to the prior year.
- The amount forgiven will be reduced by the reduction in pay of any employee beyond 25% of their prior year compensation.

Availability

- SBA must enact these programs, with regulations, no later than 15 days after the Act is signed into law
- Through existing SBA-certified lenders
- Banks
- Credit Unions
- Other lenders
- Lenders will have delegated authority to process, close and service a loan without SBA review
- The Secretary of the Treasury stated, on Wednesday, March 26, that this would be same day funding. On the day the application is accepted, the loan would be funded.

Eligibility

- Employers with 500 employees or fewer and 501 (c)(3)s
- Small businesses in the hospitality and food industry, with less than 500 employees and \$500 million in gross receipts, with multiple locations are eligible at each store location
- If the franchisor appears in the SBA's National Franchise Directory, franchisees at store level are eligible.

- Self-employed or “gig economy” individuals
- Sole proprietors
- Independent contractors

Covered Costs

- Salaries, commissions and payment of cash tips (up to an annual rate of pay of \$100k)
- Employee group health care benefits, including insurance premiums
- Retirement contributions
- Covered leave
- Interest on mortgage obligations
- Rent
- Utilities
- Interest on other obligations incurred before February 15.

Loan Size

- 250% of an employer’s average monthly payroll
- Maximum loan amount is \$10 million
- All borrower and lender fees will be waived.

Cost of Participation

- 4% Borrower’s Interest Rate

Small Business Existing Debt Relief

- Requires SBA to pay all principal, interest and fees on all existing SBA loan products for six months.
- Products include 7(a) loans, 505 loans, Community Advantage loans and Microloans.

SBA Express loan maximum amount increased from \$350k to \$1million