

Coronavirus Aftermath: Tactics and Strategies to Position Your Business For Growth



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7 Big Funding Resources

- Paycheck Protection Program: \$100B still available.

Paycheck Protection Flexibility Act (June 5, 2020):

- **Forgiveness period extended from 8 to 24 weeks**
- **If you received a PPP loan before June 5, 2020 you're still eligible to have your loan forgiven after 8 weeks**
- **Non-forgivable amounts are loans due in 5 years at 1% interest**
- **Headcount restoration date extended to December 31, 2020**
- **40% of forgivable expenses can be non-payroll (rent, utilities, mortgage interest)**
- **Participation allowed even if you take advantage of employer payroll tax deferral to December 31, 2022.**

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- Economic Injury Disaster Loans: \$60B available.
- Tax deferrals and Employee Retention Tax Credit.

Payroll Tax Deferral and Credit

DEFERRAL - Beginning second quarter you can defer employer taxes to 2022.

CREDIT -

- 50% of every employee's salary up to \$10,000 from March 20 to December 31
- Refundable credit on payroll tax returns against employer payroll taxes
- Cannot participate in PPP
- Partially/fully suspends operations due to COVID-19 or suffers revenue loss which is 50% compared to prior period
- Different than the tax credit received for qualified leave under the Emergency Federal Medical Leave Act. However, the salaries must not be used again.

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Main Street Lending Program

- Bankers began signing up June 15.
- Minimum loan \$250,000.
- Fed under-writing 95%.
- Interest rates are variable and will fluctuate as general rates increase (or decrease). The interest rate is LIBOR (1 or 3 months) + 3%, with interest payments deferred for one year.
- Maturity terms are only five years, but principal payments are deferred fully for the first two years, amortized 15% for the third and fourth years, and 70% on the fourth year before it matures on the fifth.

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- State, local and corporate grant/loan programs.
- Work sharing.

Work Sharing

- Lets businesses temporarily reduce the hours of their employees, instead of laying them off during economic downturns.
- Pros:
 - Businesses retain trained workforce
 - Workers keep their jobs and collect reduced unemployment benefits
 - States save money by paying only partial unemployment claims
- Cons:
 - Only 27 states participating
 - Somewhat obscure
 - Longer term to negotiate

<https://www.ncsl.org/research/labor-and-employment/work-share-programs.aspx>

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- SBA 7(a) Loan Payments.

SBA 7(A) LOAN PAYMENTS

- SBA paying six months of SBA loan payments (principal plus interest plus loan costs) for all current SBA loans and new SBA loans closed before September 27, 2020.
- Not a payment deferment.
- Terms: 25 years (real estate), 10 years (acquisition), 5-7 years (working capital)
- Impact: a \$33,300 forgiveness on a \$500,000 loan at the current interest rate of 6%.
- Uses: acquisition or starting of a business, working capital, or furniture and fixtures and leasehold improvements.

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