

Survive and Advance

Small Business Loans - Paycheck Protection Program

March 31, 2020

The Paycheck Protection Program is part of The CARES Act, allocating over \$349 billion to help small businesses amid the pandemic and economic downturn.

The Paycheck Protection Program (PPP) is different than the Economic Injury Disaster Loan (EIDL).

- The EIDL is an SBA loan, up to \$2,000,000, with a 30-year payback at favorable interest rates and no personal guarantees up to \$200,000. Use this link to apply directly with the SBA - <https://covid19relief.sba.gov/#/>
- The PPP is a loan with favorable terms issued through SBA approved lenders yet has a loan forgiveness provision with no forgiveness taxes that makes it very attractive for small business owners. We have found this U.S. Chamber guide and checklist useful - https://www.uschamber.com/sites/default/files/023595_comm_corona_virus_smallbiz_loan_final.pdf

We suggest the following:

1. Get with your CPA to get advice on both loans and the use of the proceeds to maximize your cash flow eligibility and access
2. Consider applying for the EIDL now as it may end when PPP starts, which could be later this week or next week
3. Get your loan information together as we believe these PPP loans will be in high demand once the application process opens up. Some information you will need to get together:
 - 2019 Federal Forms 940, 941 or 944 payroll tax reports;
 - Last 12 months of Payroll Reports beginning with your most recent payroll date which should reveal a) Gross wages for each employee, including the officer(s) if paid W-2 wages, b) Paid time off for each employee, c) Vacation pay for each employee, d) Family medical leave pay for each employee, e) State and Local taxes assessed on the employee's compensation for each employee;
 - 2019 1099's independent contractors that would otherwise be an employee of your business (i.e. not including those issued for outside services;

- Documentation showing total of all health insurance premiums paid by the Company under a group health plan (i.e. include all employees as well as business owners;
 - Documentation of the sum of all retirement plan funding that was paid by the Company (i.e. do not include funding that came from the employees' deferrals but do not include owners). Such would include 401ks, Simple IRAs, SEPs, etc.
4. Have access and keep records of your business income statement and personal balance sheets as these may be needed for federal assistance programs
 5. Be in touch with your CPA as well as your banker to make them aware you will be applying for these loans and need their assistance and guidance. We expect CPA firms and banks to be overwhelmed with the demand for these loans so the more prepared you are the better
 6. If you do not have bank relationship currently that is SBA approved, see this link for the top SBA lenders - <https://www.sba.gov/article/2020/mar/02/100-most-active-sba-7a-lenders>

Smith Brothers will be working with a few SBA approved lenders for the PPP loan process to help our business community navigate. Since this is all new and we expect a backlog, we cannot promise the lenders we are working with will be able to handle the workload to process these loans, yet we can and will help guide.

Smith Brothers has set up a Survive and Advance team to help the small business community navigate through the difficult decisions and issues associated with layoffs, furloughs, SBA and Stimulus Loan offerings. Things are moving fast and there is a heavy amount of questions so we will do our best to help you through this.

Please call one of our team members listed below for help. You can also reference our Survive and Advance web page for the most up to date information - <https://smithbrothersusa.com/survive-advance-coronavirus/>

Attorney Michael Dunn: Office: (860) 430-3260 Email: mdunn@greentreeriskmgt.com

Jeff Giantonio: Office: (860) 430-3347 Email: jgiantonio@smithbrothersusa.com

Kevin O'Connor: Office: (860) 430-3331 Email: koconnor@smithbrothersusa.com

Amit Pathak: Office: (860) 430-3265 Email: apathak@smithbrothersusa.com

Matt Pugliese: Office: (860) 430-3386 Email: mpugliese@smithbrothersusa.com

Smith Brothers - Survive and Advance Team Purpose

To help our business communities survive through these difficult times and look at the long-term ability to advance and be sustainable. Our goal with the Payment Protection Program is to become "helpers" to the business community and the U.S. Treasury in expediting the access to this cash made available under The CARES Act.