

## Impacted by the COVID-19 (Coronavirus) Pandemic? What a Business Can Do

With both federal and local governments recommending that the current closures, stay-at-home orders and social distancing practices stay in effect through the end of April, businesses are struggling with how they are going to maintain operations, cover payroll and get through these extraordinarily difficult times.

### Here are some options businesses should consider to help them survive the coming weeks:

- 1) Seek a [waiver/exemption](#) from the Governor's stop work order (Deadline is April 3, 2020 at 5:00 p.m.)
- 2) Request up to a 90-day deferral of interest and/or principal from your bank
- 3) Request a deferral of rent from your landlord
- 4) Consider employment options
  - a. Rehire and/or continue payroll for employees (and possible funding with CARES Act loans that may be forgiven over time)
  - b. Continue payroll/hours for employees at a reduced/fractional amount (e.g., 75%)
  - c. Layoffs or Furloughs:
    - i. In some instance, the enhanced unemployment compensation benefits provided by the CARES Act is more beneficial to employees than reduced/fractional continued employment
    - ii. Pay out accrued/unused vacation/PTO time, if required by state law
    - iii. Review health benefit plans and waivers available from insurers to determine options for continuing employee coverage during furlough/after layoff; determine cost allocation to affected employees and internal protocols for collection of payments
    - iv. Follow ERISA/COBRA requirements if terminating employee participation in plan
  - d. Provide [newly mandated paid/unpaid Emergency Sick and Emergency FMLA leave](#) to active employees with qualifying COVID-19 medical or caregiving need
- 5) [Loan Programs](#)
  - a. **SBA 7(a) Loans (CARES/PPA)** (*Regulations under the CARES Act are still forthcoming*).
    - i. **Note:** In certain circumstances, FLB can act as an Agent for Borrowers and assist with the application at no cost to them.
    - ii. **Loan Amount:** The lesser of 2.5 months of payroll and \$10,000,000; Payroll can include independent contractors.
    - iii. **Who is Eligible?** Available to for-profit businesses and 501(c)(3) organizations with not more than 500 employees (or the applicable size standard established by the SBA, based on industry.) Certain SBA credit and collateral/guarantee requirements waived.
    - iv. **Interest Rates:** 0.5%
    - v. **Term of Loan:** 2 years

- vi. **Deferrals Available:** 6 months
- vii. **Loan Forgiveness:** Loan may be forgiven in an amount equal to payroll, mortgage interest, rent and utilities for the eight weeks following the loan, subject to certain limitation; Layoffs and salary reductions will reduce the amount of forgiveness available; New guidance from the US Treasury Department suggests there may be limits on the non-payroll expenses eligible for forgiveness.
- viii. **The Fine Print:** No guaranties, collateral or evidence of creditworthiness will be required; Borrowers should be prepared to submit detailed payroll information dating back to January 1, 2019.

**b. SBA Economic Injury Disaster Loan (EIDL)**

- i. **Loan Amount:** Up to \$2,000,000, dependent on creditworthiness of Borrower
- ii. **Who is Eligible?** Available to for-profit businesses and all nonprofit organizations Applicants will need to meet the SBA's credit requirements, establishing their ability to repay loans but for the current situation, acceptable credit history and the pledge of collateral to the extent available.
- iii. **Interest Rates:** For small businesses: 3.75%; For Nonprofit Organizations: 2.75%
- iv. **Term of Loan:** Up to 30 years, with corresponding amortization
- v. **Deferrals Available:** Up to 1 year
- vi. **Loan Forgiveness:** None
- vii. **The Fine Print:** These loans may be used to pay fixed debts, payroll, accounts payable and other bills that can't be paid because of the disaster's impact.
- viii. **For additional information:** Go to [disasterloan.sba.gov](https://disasterloan.sba.gov) to apply.

We recognize this is a lot of information to digest and monitor. Our entire FLB team is here to help you face these unprecedented challenges. Please reach out to your attorney or give us a call at 610-797-9000. We wish you well during these extraordinary times.