

PRESIDENT TRUMP SIGNS INTO LAW CARES ACT

March 27, 2020

On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief and Economic Security (CARES) Act, which provides relief to taxpayers affected by the novel coronavirus (COVID-19). The CARES Act is the third round of federal government aid related to COVID-19 and provided for small business relief as follows:

Economic Injury Disaster Advance Loan (EIDAL)

In response to the Coronavirus (COVID-19) pandemic, small business owners in all U.S. states, Washington D.C., and territories are eligible to apply for an Economic Injury Disaster Loan advance of up to \$10,000.

This advance will provide economic relief to businesses that are currently experiencing a temporary loss of revenue. Funds will be made available within three days of a successful application. This loan advance will not have to be repaid.

Apply for EIDAL online at <https://disasterloan.sba.gov/ela/> or check with your local lender.

SBA Express Bridge Loans

Express Bridge Loan Pilot Program allows small businesses who currently have a business relationship with an SBA Express Lender to access up to \$25,000 with less paperwork. These loans can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing and can be a term loans or used to bridge the gap while applying for a direct SBA Economic Injury Disaster loan. If a small business has an urgent need for cash while waiting for decision and disbursement on Economic Injury Disaster Loan, they may qualify for an SBA Express Disaster Bridge Loan.

Paycheck Protection Program

The Paycheck Protection Program (PPP) prioritizes millions of Americans employed by small businesses by authorizing up to \$349 billion toward job retention and certain other expenses.

Small businesses and eligible nonprofit organizations, Veterans organizations, and Tribal businesses described in the Small Business Act, as well as individuals who are self-employed or are independent contractors, are eligible if they also meet program size standards. Under this program:

- 1) Eligible recipients may qualify for a loan up to \$10 million determined by 8 weeks of prior average payroll plus an additional 25% of that amount.
- 2) Loan payments will be deferred for six months.
- 3) If you maintain your workforce, SBA will forgive the portion of the loan proceeds that are used to cover the first 8 weeks of payroll and certain other expenses following loan origination.

All current SBA 7(a) lenders are eligible lenders for PPP. The Department of Treasury will also be in charge of authorizing new lenders to help meet the needs of small business owners.

SBA Debt Relief

The SBA Debt Relief program will provide a reprieve to small businesses as they overcome the challenges created by this health crisis. Under this program:

- 1) The SBA will also pay the principal and interest of new 7(a) loans issued prior to September 27, 2020.
- 2) The SBA will pay the principal and interest of current 7(a) loans for a period of six months.

SBA has a free referral tool to help find a lender near you.

Whether you have tax or financial planning questions or need advice on ways to navigate business challenges, we are here for you. If you have any questions or concerns, please don't hesitate to contact us.

Best Regards,

McNair, McLemore, Middlebrooks & Co., LLC
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