

As things are happening very quickly, we want to make sure you are aware of the two loan programs that the SBA will be making available related to the COVID-19 situation.

#### **Economic Injury Disaster Loan (EIDL)**

- SBA Loan up to \$2M at 3.75% with repayment terms up to 30 years
- Apply at <https://covid19relief.sba.gov/#/>
- The loan includes a \$10K expedited disbursement within a few days of filing the application

#### **Paycheck Protection Program (PPP)**

- SBA Loan for 2.5 times a small business' (500 employees or less) average monthly Payroll costs over the past year up to a maximum of \$10M
- Forgivable Amount – the business can apply for forgiveness of this loan up to the amount borrowed. The forgiveness amount will be based on the cost of payroll, rent, utilities, and loan interest for the first 8 weeks of the loan period. Such forgiveness will not be subject to income tax.
- Businesses apply for this loan from their bank.

More information on both of these loans can be found at this link: <https://www.bakerdonelson.com/cares-act-understanding-sba-loan-programs-to-determine-eligibility-and-best-fit-for-your-company>

The signing of the CARES Act last Friday created the PPP and materially modified the EIDL, there are many details that are still not available but we expect further clarity in the coming week. One of the larger points requiring more clarity is the process for applying for the PPP. Reports in the news media this weekend implied that Treasury Secretary Mnuchin is working to expedite this process. We feel that everyone should consider applying for the PPP as it's Forgiveness element appears to provide a way to cover a portion of your operating costs in a non-taxable way.

If you are considering applying for the PPP, we would recommend that you **CALL YOUR BANKER TODAY AND TELL THEM YOU WANT TO APPLY FOR A PAYROLL PROTECTION PROGRAM LOAN.** They likely won't have any details on how to apply until later this week, but you want to get your firm's name on the list. There is going to be an overwhelming demand for these loans and getting your banker's attention early may prove important.

While we do not know the specific requirements for applying for the PPP loan, most applications of this kind require a personal financial statement. This is also a document that requires some data collection on each owner's part. If you do not have an updated personal financial statement, you may want to get the information together. The SBA has a template you can find [here](#). Again, we do not know the requirements. This is just our best understanding.

We are here to assist in any way we can.... from estimating your PPP potential loan amount, answering questions or even assisting in gathering documents.

It is our commitment to keep you informed as we learn more about these programs and how to get the loans approved as quickly as possible.

Please reach out to me, Charlie Feehan or Matt Calloway if you have any questions or need assistance.

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