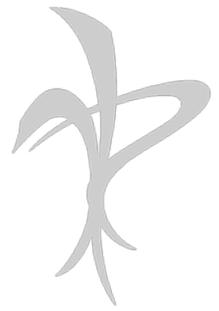


Senate Passes the CARE Act - Summary of provisions and SBA Loans to Assist Small Business Owners



We are still working to understand the provisions, specifically how they apply, and the implications but we want to keep you up to date on the legislation and the impact on small businesses.

Below is a bullet point summary of some of the provisions followed by information available on the [Small Business Administration Website](#) that may be of interest.

- **Direct payments to individuals and families**
 - Americans will receive a one-time direct deposit of up to \$1,200, and married couples will get \$2,400, plus an additional \$500 per child.
 - The payments will be available for incomes up to \$75,000 for individuals and \$150,000 for married couples with phaseouts above those ranges. This income is even available to those who have no income, as well as those whose income comes entirely from means-tested benefit programs, such as Social Security.
- **Ease restrictions and penalties on retirement plan withdrawals**
 - The bill waives the 10% early withdrawal penalty for distributions up to \$100,000 for coronavirus-related purposes, retroactive to Jan. 1.
 - We are working to understand the specifics on loan and hardship distributions as well as how plan TPA's and Recordkeepers will handle these newly available regulations as in some cases, the plan document would need to be amended.
- **Small businesses assistance:**
 - Provides \$350 billion to preventing layoffs and business closures while workers are required to stay home during the outbreak.
 - Companies with 500 employees or fewer that maintain their payroll during coronavirus can receive up to 8 weeks of cash-flow assistance.
 - If employers maintain payroll, the portion of the loans used for covered payroll costs, interest on mortgage obligations, rent, and utilities would be forgiven.

- We are working to understand the payroll structure, loan usage, tax-credits/"forgiveness" and the ability to defer FICA taxes that may be part of the final legislation. Additionally, we are trying to better understand this option versus unemployment coverage that is available.
- We encourage small business owners to contact their lenders and landlords as applicable. They may provide deferment of existing loan payments and lease payments as well as provide you with insight into the special low rate SBA loan programs that are outlined later in this email.
- **Unemployment:**
 - The program's \$250 billion extended unemployment insurance program expands eligibility and offers workers an additional \$600 per week for four months, on top of what state programs pay. It also extends Unemployment Insurance benefits through Dec. 31 for eligible workers.
 - The deal applies to the self-employed, independent contractors and gig economy workers as well. So even if you operate a small business and as such did not pay into unemployment insurance for yourself, you are still eligible for the program.
 - Business owners should not see any increase in their unemployment insurance rates due to employees filing for coverage due to COVID-19
- **Payroll taxes:**
 - The measure allows individuals to delay the payment of their 2020 payroll taxes until 2021 and 2022.
 - We believe it may also allow business owner's to delay payment of their portion of FICA taxes, but are still investigating.

Small Business Administration (SBA) Programs Available Now! -

Additional loan assistance may become available under the CARE Act.

Economic Injury Disaster Loan Program

Small business owners in all U.S. states and territories are currently eligible to apply for a low-interest loan due to Coronavirus (COVID-19). [Click here to apply.](#)

Find more information on the SBA's Economic Injury Disaster Loans at: [SBA.gov/Disaster](https://www.sba.gov/Disaster).

The SBA will work directly with state Governors to provide targeted, low-interest loans to small businesses and non-profits that have been severely impacted by the Coronavirus (COVID-19). The SBA's Economic Injury Disaster Loan program provides small businesses with working capital loans of up to \$2 million that can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing.

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**.

Terms

- Up to \$25,000
- Fast turnaround
- Will be repaid in full or in part by proceeds from the EIDL loan

Find an Express Bridge Loan Lender via [SBA's Lender Match Tool](#) or by connecting with your [local SBA District Office](#).

Access to Capital

SBA provides a number of loan resources for small businesses to utilize when operating their business. For more information on loans or how to connect with a lender, visit: <https://www.sba.gov/funding-programs/loans>.

How to get access to lending partners? SBA has developed [Lender Match](#), a free online referral tool that connects small businesses with participating SBA-approved lenders within 48 hours.

- **7(a) program** offers loan amounts up to \$5,000,000 and is an all-inclusive loan program deployed by lending partners for eligible small businesses within the U.S. States and its territories. The uses of proceeds include: working capital; expansion/renovation; new construction; purchase of land or buildings; purchase of equipment, fixtures; lease-hold improvements; refinancing debt for compelling reasons; seasonal line of credit; inventory; or starting a business.
- **Express** loan program provides loans up to \$350,000 for no more than 7 years with an option to revolve. There is a turnaround time of 36 hours for approval or denial of a completed application. The uses of proceeds are the same as the standard 7(a) loan.
- **Community Advantage** loan pilot program allows mission-based lenders to assist small businesses in underserved markets with a maximum loan size of \$250,000. The uses of proceeds are the same as the standard 7(a) loan.
- **504** loan program is designed to foster economic development and job creation and/or retention. The eligible use of proceeds is limited to the acquisition or eligible refinance of fixed assets.
- **Microloan** program involves making loans through nonprofit lending organizations to underserved markets. Authorized use of loan proceeds includes working capital, supplies, machinery & equipment, and fixtures (does not include real estate). The maximum loan amount is \$50,000 with the average loan size of \$14,000.

Exporting Assistance

SBA provides export loans to help small businesses achieve sales through exports and can help these businesses respond to opportunities and challenges associated with trade, such as COVID-19. The loans are available to U.S. small businesses that export directly overseas, or those that export indirectly by selling to a customer that then exports their products.

- **Export Express** loan program allows access to capital quickly for businesses that need financing up to \$500,000. Businesses can apply for a line of credit or term note prior to finalizing an export sale or while pursuing opportunities overseas, such as identifying a new overseas customer should an export sale be lost due to COVID-19.
- **Export Working Capital** program enables small businesses to fulfill export orders and finance international sales by providing revolving lines of credit or transaction-based financing of up to \$5 million. Businesses could use a loan to obtain or retain overseas customers by offering attractive payment terms.
- **International Trade** loan program helps small businesses engaged in international trade to retool or expand to better compete and react to changing business conditions. It can also help exporting firms to expand their sales to new markets or to re-shore operations back to the U.S.

All of the above information is available on the SBA website: www.sba.gov