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**PRODUCT & SERVICE GUIDE**

# Paycheck Protection Program and Other Loan Alternatives

Jul. 17, 2020

**PAYCHECK  
PROTECTION  
PROGRAM**



In March 2020, President Trump signed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to provide emergency assistance and healthcare response for individuals, families, and businesses affected by the Coronavirus pandemic. The Small Business Administration (SBA) received funding and authority through the CARES Act to modify existing loan programs to assist small businesses nationwide adversely impacted by the COVID-19 emergency.

Loans granted under the Paycheck Protection Program (PPP) will be one hundred percent granted by the SBA, and the full principal amount and accrued interest of the loans may qualify for forgiveness. The SBA is authorized to guarantee loans through August 8, 2020.

The main intent of the CARES Act is that the SBA provides relief to America's small businesses expeditiously. This means to be eligible, you need to have 500 or fewer employees whose principal place of residence is the U.S. or are a business which operates in a certain industry and meets the applicable SBA employee-based size standard for said industry. As well as having been in operation on February 15, 2020 and having employees who you paid salaries to and payroll taxes.

You are also eligible if you are an individual who operates under a sole proprietorship or an independent contractor and were in operation on February 15, 2020. You must submit documentation needed to establish eligibility such as payroll processor records, payroll tax filings, or income and expenses from a sole proprietorship.

However, you are not eligible if you are engaged in any activity that is illegal under federal, state, or local law, you are a household employer who employs nannies or housekeepers, or if an owner of twenty percent or more of the equity of the applicant is incarcerated, on probation, on parole, or has been convicted of a felony within the last five years. If you or any business owned by you has obtained a direct or guaranteed loan from SBA or any other federal agency that is currently delinquent or has defaulted within the last seven years and caused a loss to the government, you will not be able to apply for this loan.

Under the PPP, the maximum loan amount is the lesser of \$10 million or the calculation of a payroll-based formula specified in the CARES Act. When it comes to the maturity of the loan, even though the CARES Act provides that a loan will have a maximum maturity of up to 10 years from the date the borrower applies for loan forgiveness, the SBA determined that a two-year loan term is sufficient, in light of the temporary economic dislocations caused by the Coronavirus.

This PPP loan can be used for payroll costs, costs related to the continuation of group healthcare benefits, mortgage interest payments, rent payments, utility payments, interest payments, debt obligations due before February 15, 2020, and refinancing an SBA EIDL loan.

Nevertheless, there are other loans you can also apply to. The Economic Injury Disaster Loan (EIDL) is an existing program administered through the SBA. This

loan can be granted through December 16, 2020. The eligibility is similar to the PPP, except there is no tax return required, only disclosure of financials (income and expenses).

The EIDL gives a loan of maximum \$2 million based on your actual economic injury determined by the SBA. Businesses were also able to receive a grant of up to \$10,000 as an emergency advance. As of July 11<sup>th</sup>, 2020 the advances have been closed until further notice. This money can also be used for payroll costs, costs related to the continuation of group healthcare benefits, mortgage interest payments, rent payments, utility payments, interest payments, and debt obligations due before February 15, 2020.

Another alternative is the SBA Express Bridge Loan, which grants up to \$25,000 to businesses that already have a relationship with an SBA Express lender and will be repaid in full or in part by proceeds from EIDL. This gives businesses access to cash relatively faster than conventional methods.

SBA is also granting relief for loans not on deferment as part of their Debt Relief program. SBA will begin making payments with the next payment due on the loan and will make six monthly payments. For loans currently on deferment, the SBA will begin making payments with the next payment due after the deferment period has ended and will make six monthly payments. For loans made after March 27, 2020 and fully disbursed prior to September 27, 2020, the SBA will begin making payments with the first payment due on the loan and will make six monthly payments. This relief is not available for Paycheck Protection Program loans or Economic Injury Disaster loans.

These loans are some of the alternatives the government is offering to small businesses in order to face the financial difficulties they are dealing with due to the Coronavirus pandemic. Although the PPP is coming to an end soon, the EIDL and the other SBA options will remain available for eligible businesses. Before applying for either of them, business owners must make sure they are eligible and have the appropriate documentation to be taken into consideration.

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Barcelo comes from extensive education and experience in accounting. She graduated from Florida International University with a Bachelor's in accounting, as well as an Executive Master in science of taxation. Barcelo then went on to become a Certified Public Accountant in the state of Florida.

Her company, Corp 1, LLC., specializes in personal and corporate income tax services, IRS audit management and representation, tax preparation, accounting educational course programs, and sales tax compliance. Barcelo also offers accounting and bookkeeping services, compliance consulting, corporate services, and notary services.

Prior to owning and operating her own company, Barcelo acquired nearly a decade of work experience in tax services, first as a senior associate in state and local tax services at Grant Thornton, LLP., then advancing to a senior property tax consultant position at Ryan, LLC. During this time, Barcelo was responsible for national property tax compliance, valuations for property tax purposes, accrual analysis, managing clients' budgets to ensure projects are handled efficiently, and overseeing and managing the preparation of over 5,000 tangible property tax returns.

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