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# COVID-19 Guidance Understanding Emergency Small Business Loan Programs

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Quick Summary for new/expanded loan programs

Dear KSDT Clients, Friends and Colleagues;

First and foremost, we hope that you and your family are safe and healthy!

It goes without saying that we are in unprecedented times. Here at KSDT CPA, we are doing our part to “Flatten the Curve” and reduce the spread of COVID-19 (coronavirus).

Over the years, our firm has invested heavily in technology enabling us to continue to serve our clients uninterrupted and at full capacity, while putting our people first.

Changes and updates are happening at a record pace and the environment is a fluid process. We are processing the information as it becomes available and would like to help your business understand all of the changes such as new and expanded emergency small business loan programs.

Please contact our team to help you navigate this process.

KSDT is here to stand with you as we get through this.

Please do not hesitate to reach out for guidance.

Our thoughts and prayers for everyone’s continued health and safety



-Jeffrey Taraboulos, CPA, CFF, CFE, PFS  
Managing Partner, KSDT CPA



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The following summary is intended to provide guidance to those businesses affect by COVID-19 and is not intended to provide legal advice. The details enclosed are based upon the most current information at the time of this publication but are subject to change.

Sources:

SBA ,US Chamber of Commerce, and FloridaDisasterLoans.org





# Overview

## Emergency Small Business Loans

**Recent legislation has been passed to allow small businesses to apply for and receive emergency based financial loans.**

The enclosed guide is designed to summarize the key Emergency Loan programs available to small businesses

- 1) Florida Bridge Loan
- 2) Paycheck Protection Program
- 3) Emergency Economic Injury and Disaster Loans (EIDLs)

Please let us know how we can assist with any guidance.

# 1 FLORIDA BRIDGE LOAN

Meant to get money in people's hands quickly. It is a 'bridge loan' until a more permanent plan is put in place.

Loan is made with directly with the Florida Department of Economic Development.

Part of the CARES Act is designed to provide payroll protection for 8 weeks. Meant to keep people employed and prevent layoffs.

Loan is made through SBA approved lending institutions.

## PAYCHECK PROTECTION PROGRAM

# 2

CARES Act expanded SBA Loans as defined as Emergency Economic Injury Disaster Loans (EIDL).

Loan is made directly by the SBA.

# 3 ECONOMIC INJURY DISASTER LOAN



# 1 FLORIDA BRIDGE LOAN

## HOW DO I APPLY?

Please visit :

<https://floridadisasterloan.org>

to complete your application

Applications accepted through 5/8/2020

-Contingent on the availability of funds.

## WHAT IS THE EMERGENCY BRIDGE LOAN PROGRAM?

The Florida Small Business Emergency Bridge Loan Program is currently available to small business owners located in all Florida counties statewide that experienced economic damage as a result of COVID-19.

These short-term, interest-free working capital loans are intended to **"bridge the gap"** between the time a major catastrophe hits and when a business has secured longer term recovery resources, such as sufficient profits from a revived business, receipt of payments on insurance claims or federal disaster assistance.

The Florida Small Business Emergency Bridge Loan Program is not designed to be the primary source of assistance to affected small businesses, which is why eligibility is linked pursuant to other financial sources.

Note: Loans made under this program are short-term debt loans made by the state of Florida using public funds – they are not grants.

Source: FloridaDisasterLoan.org

## HOW MUCH CAN I BORROW?

Up to \$50,000 per eligible small business.

(Loans of up to \$100,000 may be made in special cases as warranted by the need of the eligible small business.)

## ELIGIBILITY AND TERMS?

### Qualified Applicant:

Qualified for-profit, privately held small businesses that maintain a place of business in the state of Florida. All qualified applicants must have been established prior to March 9, 2020, and suffered economic injury as a result of the designated disaster. Qualified small business applicants must be an employer business with 2 to 100 employees.

### Term:

1 year.

### Interest Rate:

Loans will be interest-free for the loan term (1 year). The Interest rate will be 12% per annum on the unpaid balance thereafter, until the loan balance is repaid in full.

# 2 PAYCHECK PROTECTION PROGRAM

Part of the CARES Act is designed to provide payroll protection for 8 weeks, keeping people employed and preventing layoffs.

## HOW DO I APPLY?

Loan is made through SBA approved lending institutions. Please reach out to your professional lending institution for application instructions.

## HOW MUCH CAN I BORROW?

Loans can be up to 2.5 x the borrower's average monthly payroll costs, not to exceed \$10 million.

(Limited to \$8,333 per employee/per month)

## CAN THE LOANS BE FORGIVEN?

A borrower is eligible for loan forgiveness equal to the amount the borrower spends on the following items during the first 8-weeks beginning on the date of the origination of the loan:

Examples include:

- Payroll costs (including insurance premiums)
- Interest payments on any covered mortgage obligation incurred before Feb. 15, 2020
- Payment of rent under a lease in force prior to Feb. 15, 2020
- Utility payments for which service began before Feb. 15, 2020

Forgiveness may be limited if payroll is reduced

## WHO IS ELIGIBLE?

- A small business with fewer than 500 employees
- A small business that otherwise meets the SBA's size standard
- A 501(c)(3) with fewer than 500 employees
- Certain franchises and food service businesses
- Sole proprietors, independent contractors, or self-employed individuals
- Certain Tribal businesses
- Certain Veterans Organizations



## additional:

- The loan can be used to refinance recent SBA Disaster loans
- There are no personal guarantees and no collateral is required
- For any unrelieved amount there will be a 2-year maximum term
- 1% fixed interest rate
- These loans are to be applied for through a local financial institution
- There will be no fee to apply and no pre-payment penalties



# 3 ECONOMIC INJURY DISASTER LOAN (EIDL)

## HOW DO I APPLY?

Small Business Administration (SBA) website:

<https://disasterloan.sba.gov/ela/>

[Choose EIDL as loan choice]

- 1) Determine eligibility
- 2) Gather documents
- 3) Apply

## HOW MUCH CAN I BORROW?

Loans are available for up to \$2 Million

## ARE EIDLs NEW?

These loans aren't new. They've always been available in the event of disaster. However, according to Alex Contreras, Director of Preparedness, Communication, & Coordination at the Office of Disaster Assistance for the SBA, this is the first time a virus or pandemic event has been defined as a disaster.

## EIDL FACTS:

- Loan cannot exceed \$2 million
- Interest rate will be capped at 3.75%
- Repayment term can be up to 30 years
- This will be funded by the U.S. Treasury and can be used for working capital issues
- There will be relaxed financial information requirements for applicants
- There will be no fee to apply and applicants are not obligated to accept the funds

## HOW DID THE CARES ACT EXPAND EIDL?

- EIDLs can be approved by the SBA based solely on an applicant's credit score
- EIDLs smaller than \$200,000 can be approved without a personal guarantee
- Borrowers can receive \$10,000 in an emergency grant cash advance within three days that does not need to be repaid if the EIDL is denied
- It expands access to sole proprietors or independent contractors, as well as tribal businesses, cooperatives, and ESOPs with fewer than 500 employees and all non-profits including 501(c)(6)s

### Q: Can I receive funds from both PPP and EIDL Loans?

Yes, as long as the funds are not used for the same purpose

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-Our KSDT Partners and their teams are standing by



## HOW MAY WE HELP YOU?

Follow us for the latest changes



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Call or email our experts today!

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