

The CARES Act and Small Business Loans (Paycheck Protection Program)

With our Panel of Experts:

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Moderator

CARES Act Overview

An overview brought to you by Eastern Bank

April 6, 2020

What's in the CARES Act?

\$2 TRILLION STIMULUS PACKAGE enacted by lawmakers to address the near-term economic impact caused by the coronavirus pandemic (3.27.2020)

Aid will be directed toward three categories:

BUSINESSES, INDIVIDUALS and **MEDICAL SERVICES**

Source: Peter G. Peterson Foundation

Aid for Businesses



\$500 BILLION

FINANCIAL ASSISTANCE FOR COMPANIES IN NEED:
Mostly used to support loans to businesses, states, & municipalities through a new Federal Reserve lending facility.



\$380 BILLION

ECONOMIC SUPPORT FOR SMALL BUSINESSES:
Federally guaranteed loans are available for qualifying small businesses through June 30. Portions of the loans spent on rent, utilities, and payroll are eligible for forgiveness.



\$500 BILLION

VARIOUS TAX INCENTIVES:
A number of tax benefits, such as deferring payroll taxes and loosening certain provisions of the Tax Cuts and Jobs Act, will be provided.

Source: Peter G. Peterson Foundation

Aid for Individuals



\$290 BILLION

DIRECT PAYMENTS TO TAXPAYERS:

Payments of \$1,200 will be sent to taxpayers earning up to \$75k, with an additional \$500 per child, gradually phased out for incomes up to \$99k.



\$260 BILLION

EXPANSION OF UNEMPLOYMENT BENEFITS:

Extends jobless insurance by 13 weeks, increases unemployment benefits by up to \$600 per week for four months, and expands eligibility.

Source: Peter G. Peterson Foundation

Aid for Medical Services



\$150 BILLION

FEDERAL AID TO HOSPITALS & HEALTHCARE PROVIDERS:
Helps hospitals, community health centers, and other healthcare providers prepare for and respond to the pandemic.

Source: Peter G. Peterson Foundation

PAYCHECK PROTECTION PROGRAM (PPP)		ECONOMIC INJURY DISASTER LOAN (EIDL)
Payroll & approved operating expenses	USES	Working capital
No collateral required	COLLATERAL	<ul style="list-style-type: none"> • No collateral on loans under \$25k • SBA will take best lien available (excluding real estate) on loans over \$25k
Up to 100% with approval	FORGIVENESS	0% is eligible for forgiveness
2.5X average monthly payroll for the prior 12 months	AMOUNT	Up to 6 months of operating expenses not to exceed \$2 million
.5% on unforgiven portion 2-year fixed note	TERMS	3.75% small businesses; 2.75% non-profits 30-year fixed note
No payments for first 6 months	DEFERMENT	No payments for first 12 months
<ul style="list-style-type: none"> • All for-profits • Private non-profits 	ELIGIBLE ENTITIES	<ul style="list-style-type: none"> • Sole proprietors, LLCs & corporations • Small agriculture co-ops and aquaculture • Private non-profits
SBA Approved Bank	APPLY	SBA.gov/Disaster

Sources: The U.S. Small Business Administration and America's SBDC Northwest Texas

We are in this together.

Most importantly, in this time of crisis, keep yourself, your family and your community safe. We are in this together. Please feel free to reach out with any questions that you have.



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