

March 2020

## Client Advisory

### COVID-19 Legal Digest: COVID-19 is Leading to Business Distress and Closures; SBA Defers Existing Disaster Loans

#### **COVID-19 is Leading to Business Distress and Closures in Uncertain Financial Times**

In the coming months, many businesses and individuals will unfortunately suffer varying levels of financial distress. Ultimately, a large number of businesses in the United States and abroad are destined to fail as result of the COVID-19 crisis. There are plenty of articles one can read online (i.e., Moody's, Bloomberg, WSJ, etc.) regarding the predicted, devastating impact of the coronavirus on the global economy. Sources are fairly consistent in forecasting waves of moderate to severe financial impact from the COVID-19 pandemic, the effects of which will extend well beyond the U.S. and other major powers getting back to business.

Most businesses will be impacted to the negative. Some industries or segments may disappear from the landscape as we know it. Some will emerge in different forms. Others will continue, but shed business lines, employees and downsize considerably. There are sectors that will see an increase in demand (i.e., Amazon), but how the supply chain, logistics and other disruptions from the crisis will impact the ability of these types of businesses to service the demand is uncertain.

We are here to help you get through this COVID-19 crisis. There are local, state and national programs available, including the new COVID-19 bill, which we hope will pass shortly. Many of these programs offer businesses monetary stimulus and debt relief, among other assistance. Companies may have insurance coverage, tax and employee relief, and other backstops available, but the timing from making such claims (or seeking such relief) to actually receiving coverage, deferrals or assistance may be too long. A good deal of companies will need to restructure or close.

Many countries are now amending their insolvency law provisions, or accelerating approval of proposed laws or amendments, to deal with the impending glut of bankruptcy filings. However, out of court workouts or non-bankruptcy legal alternatives, can often save time and expense. We are actively assisting clients and answering their questions as this troubling economic environment unfolds.

Archer's [Bankruptcy, Restructuring, and Insolvency Litigation Group](#) provides sophisticated counsel to domestic and foreign clients in all types of insolvency and litigation matters. The group has a strong core group of seasoned attorneys with offices in Philadelphia, New Jersey, New York, and Delaware. For assistance or more information on the issues discussed in this alert, contact [Stephen Packman, Esq.](#) at 215-246-3147 or [spackman@archerlaw.com](mailto:spackman@archerlaw.com).

#### **SBA Automatically Defers Existing Disaster Loans Through December**

The U.S. Small Business Administration on Monday said it implemented automatic deferment of existing disaster loans through the end of the year. Borrowers of home and business disaster loans do not have to contact SBA to request deferment. In the SBA Atlantic Region, these include loans from Hurricane Sandy, a drought from August 15 to October 16, 2019, and severe weather and flooding in June 2019. For details, see [here](#).

Please reach out to your Archer contact or any member of [Archer's COVID-19 Task Force](#) with any questions you may have.

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