

Barber Companies

COVID-19 Newsletter – April 6, 2020

Listed below are some public and private relief programs enacted in response to the Coronavirus pandemic. We have done our best to set out general summaries of the programs as we understand them; however you should contact the appropriate entities to get the exact details of each program.

FEDERAL

SBA Loan Programs

Paycheck Protection Program (PPP) Loans

This program provides cash-flow assistance to employers who maintain their payroll during the COVID-19 Virus emergency. It provides potential loan forgiveness based on employee retention, has no SBA loan fees, and provides payment deferrals of at least six months on loan amounts not forgiven.

Eligible Businesses:

- Must have been in operation as of February 15, 2020.
- Any small business, sole proprietor, corporation, or non-profit with fewer than 500 employees.

Loan Size Maximum:

- Is 250 percent of average monthly payroll costs, including compensation, all forms of leave (such as sick and vacation), health insurance costs, retirement costs, and state and Local unemployment taxes.
- Has a cap of \$100,000 per employee, including owners.

Loan Proceeds must be used to only pay salaries and wages, employee insurance costs, rent and mortgage payments, utilities, or other debt obligations in place before February 15, 2020.

Loan Forgiveness must be applied for through your lender via an application that must include:

- Documentation verifying the number of employees on payroll and pay rates, including IRS payroll tax filings and State income, payroll, and unemployment insurance filings.
- Documentation verifying covered payments for rent, mortgage obligations, utilities.
- Certification from a company representative that the information provided is accurate and the loan proceeds were used in accordance with the program's guidelines.

Loans not Forgiven are carried forward as an ongoing loan with a maximum term of 10 years at 1% interest. Principal and Interest will be deferred for 6 months after the loan is disbursed to the borrower.

How to Apply: Contact your local banker for assistance.

General SBA Information about PPP loans can be found here: <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program-ppp>

SBA Loan Application can be found here: <https://www.sba.gov/sites/default/files/2020-04/PPP%20Borrower%20Application%20Form.pdf>

Economic Disaster Loans (“EIDLs”)

- See <https://disasterloan.sba.gov/ela/information/eidlloans>

- A business is eligible to apply if it is a “small business,” as defined by 13 C.F.R. 123.2. (typically less than 500 employees).
- Alabama is a Declared Disaster Area for Covid-19.
- Borrowers for the Economic Disaster loans must apply directly with the SBA instead of through an SBA Lender/Bank. The application website is <https://covid19relief.sba.gov/#/>
- Loan proceeds may be used to pay rent, fixed debts, payroll, accounts payable, and other bills that cannot be paid due to impact of the coronavirus. The purpose is to alleviate the specific economic injury and operating needs of each applicant.
- Proceeds may not be used to: Refinance indebtedness incurred prior to the disaster event; Service current SBA loans; Pay, directly or indirectly, any obligations imposed as a tax or other non-tax penalty due to non-compliance with a law, regulation, or governmental order; Repair physical damage; or Pay dividends or disbursements to owners, except for reasonable remuneration directly related to performance of services for the applicant business.
- Underwriting: Applicants must have a credit history acceptable to the SBA, who determines if the applicant has the ability to repay the loan. Unsecured loans are available up to \$25,000. Collateral is typically required for loans greater than \$25,000. SBA guidance indicates that SBA will not decline an application for lack of collateral.
- Timing: Apply within nine (9) months from the date of disaster declaration. Approval three (3) to four (4) weeks from submission date depending on volume. Initial disbursement of \$25,000 made within five (5) days following approval.
- Terms: Max Loan amount \$2,000,000 - may not exceed what the applicant could have paid had the disaster not occurred. Specific amount determined by SBA based upon review of applicant’s financials. Interest rate 3.75% (profit entity) and 2.75% (non-profit entity).

Small Business Administration Coronavirus (COVID-19) Guidance & Loan Resources

<https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources>

Deferments on SBA 7(a) and 504 Business Loans and Microloans

<https://www.sba.gov/document/information-notice-5000-20004-deferments-sba-7a-504-business-loans-microloans>

Federal Taxes

Federal Tax Day is now July 15: Treasury, IRS extend filing deadline and federal tax payments regardless of amount owed

<https://www.irs.gov/newsroom/tax-day-now-july-15-treasury-irs-extend-filing-deadline-and-federal-tax-payments-regardless-of-amount-owed>

Questions and answers about the new filing deadline

<https://www.irs.gov/newsroom/filing-and-payment-deadlines-questions-and-answers>

Check the IRS website for the latest official information: <https://www.irs.gov/coronavirus>

STATE OF ALABAMA

State Taxes

State of Alabama Tax Day is now July 15th

<https://revenue.alabama.gov/2020/03/governor-ivey-signs-proclamation-delaying-state-tax-filings/>

Updates from the Alabama Department of Revenue

<https://revenue.alabama.gov/coronavirus-covid-19-outbreak-updates/>

Small Business Related

Alabama small businesses SBA COVID-19 disaster loans

<https://www.madeinalabama.com/2020/03/gov-ivey-alabama-small-businesses-can-seek-sba-covid-19-disaster-loans/>

The Alabama Small Business Development Center Network

Their [Guide to Business Continuity / Disaster Recovery](#), and [Checklist for Managing in Times of Financial Difficulty](#) are available online.

LOCAL

Birmingham Strong Fund

Small business owners in Birmingham can now apply for emergency loans through Birmingham Strong, a loan fund for those facing layoffs or other major financial burdens from coronavirus-related closures. Apply here: <https://bhamstrong.com/bhamstrongloan>

Small Business Impact Survey & Sign Up for Information

https://docs.google.com/forms/d/e/1FAIpQLSfXHTTApHvJ9Bw49RQm6fbU3J41GTI7okHBnZ2pfOwxMIQGrA/viewform?_hsenc=p2ANqtz-8PuSjVQbcqlTricL5sJZ3nfGfFidz3V2LphjW3eh-vs7aCWrkuGYM_s16pPZGtY-zSbweAv3YdvjSdQOk3LFixahljb_u1_4dyfQLlnH9ao8L1ErE&_hsmi=84724696

Restaurant program to shift from service to meal preparation

The City of Birmingham is working with Birmingham's food and beverage industry partners to understand if a health-code compliant, meal preparation network can be created. Sign up for more information: <https://bhamstrong.typeform.com/to/tBqaHJ>

Volunteering your services

Small Businesses who want to volunteer services can do so at <https://bhamstrong.typeform.com/to/vqUZdr>

PRIVATE INDUSTRY & ORGANIZATIONS

Regions commits \$2.5 million to help small businesses affected by coronavirus

https://www.bizjournals.com/birmingham/news/2020/03/20/regions-commits-2-5-million-to-help-small.html?ana=e_ae_set1&j=90500980&t=Afternoon&mkt_tok=eyJpIjoiTVdNM1pEVXdNMkUxTldOayIsInQiOiJmWVlxYjIva2JLanRRMnZucWFcL2NPQldGSWNEYTISXC9Wa3ZqV2djeiI5RXXY1bDJ2RlZ0WVdzSDUyXC82MkgyY2Z2bHlyYXR2cEziWDdMUTcydzISeDNLKkIxSHVvZzFhRTd3TUdyXC9Va3VDZ2RrR0xWTVwvNVYrVW5xZmxERHgzanBTIn0%3D

U.S. Chamber of Commerce Resources

See <https://www.uschamberfoundation.org/coronavirus>

Disaster Help Desk for Business - <https://www.uschamberfoundation.org/disaster-help-desk-business> or 888-MY-BIZ-HELP.

Birmingham Business Alliance Resources

BBA has a webpage devoted to COVID-19 assistance here: <https://www.birminghambusinessalliance.com/covid-resources>

Google is offering \$340 million in free ads for small businesses as part of coronavirus help package

https://www.cnbc.com/2020/03/27/google-offering-800m-coronavirus-help-package.html?_source=iosappshare%7Ccom.apple.UIKit.activity.Mail