



SMALL BUSINESS SUPPORT BULLETIN #2

FOR DEALING WITH THE COVID19 CRISIS

FROM THE FINANCIAL LITIGATORS AT VERNON LITIGATION GROUP

This is the second bulletin provided by Vernon Litigation Group to support local business owners and help navigate the challenges of staying in business, supporting employees and clients, supporting the community, and positioning the business for growth and success on the other side of the COVID-19 crisis.

The purpose of this particular bulletin is to combine in one place the current government programs that are available for small businesses and other types of businesses in the local community. Currently there are three (3) separate programs that are being made available through the state and federal government.

And, because we want to present this information in the most up to date, efficient, and usable way possible, we are highlighting below the latest developments in the CARES Act - Paycheck Protection Program (PPP) along with links to our detailed summaries of each of the three (3) programs.

Here are the latest developments based on SBA guidance yesterday (i.e. the “interim final” guidance):

1. Complete, initial, and sign the NEW form provided by the SBA yesterday (April 2, 2020). A copy of this new form can be found by clicking this link: [Click Here](#). We recommend that you do not submit the old form that was being circulated earlier this week. In determining a loan amount, companies should divide their payroll costs over the past year by twelve (12) to determine their average monthly payroll, then multiply by two and a half (2.5) to find the maximum amount they can borrow (up to ten million dollars (\$10,000,000)). Wages beyond one hundred thousand dollars (\$100,000) are excluded, as are payroll taxes, along with some additional restrictions. However, part-time employees and contractors are included in the payroll calculation.

2. We recommend that you include with your application, not only your quarterly 941's from 2019 (which originally was thought to be the only support needed), but also verification that your business was in operation as of February 15, 2020 (such as a rent check, utilities bill, or bank statement), payroll reports for each pay period for the preceding 12 months, documentation reflecting the health insurance premiums paid by your business under a group health plan for the immediately preceding 12 months, a detailed profit and loss statement for the year ended 2019 and YTD 2020, and the names and annual salaries of each employee.
3. We recommend you submit the application as soon as possible because there is a first come, first serve component to this process and a limited amount of funds allocated for this program. Additionally, it will likely be one to two weeks before you get the money to help cover payroll for your employees, rent/mortgage, and utilities.
4. We recommend that you submit the documentation to your current bank (assuming they are approved to do the program). Although this is designed to be a first come, first serve process, we anticipate that banks will be focused on making sure this program works for their existing clients.

If you have not yet decided to apply for a PPP loan, here is a concise summary of the key components to consider:

- To be eligible for loan forgiveness, participating businesses must maintain their payroll levels—by paying workers at their normal rates for at least eight (8) weeks after the loan is originated—in addition to any qualifying payroll costs including benefits, as well as mortgage, rent or utility payments over the eight-week period.
- The amount forgiven will be reduced if a business reduces the number of full-time employees or reduces wages for employees earning one hundred thousand dollars (\$100,000) or less by more than twenty five percent (25%), based on the previous year's numbers.
- If not forgiven, all loan payments will be deferred for six (6) months and neither the federal government nor the designated SBA lenders will charge any fees.

Although the CARES Act Paycheck Protection Program (PPP) is getting most of the attention currently, we recommend that small business owners learn about all three programs to determine how best to navigate the current economic situation. To assist you in your analysis, we have detailed each of these options and you can access our analysis by clicking on the following links:

[SBA Economic Injury Disaster Loan Program](#)

[Bridge Loan Program for Florida Businesses](#)

[CARES Act](#)

And, with respect to all three programs available to small business investors, here are direct links to the applications for each:

An online application, which must be submitted to a participating SBA lender, is found at this link: [Click Here](#).

SBA Economic Injury Disaster Loan Program: Businesses can apply for this loan by filling out the form at this link: [Click Here](#).

Bridge Loan Program for Florida Businesses: To apply for this loan, businesses can fill out the form at this link: [Click Here](#).

At Vernon Litigation Group, we aim to assist businesses navigate through these difficult times during this pandemic and help bring back the local economy once these uncertain times are over. We are all in this together.