

COVID SURVIVAL GUIDE

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The information contained within this packet does not constitute legal or financial advice. IOP and its owners are not lawyers, financial experts, or CPAs. This information is compiled from multiple sources including the web and from the Bills themselves.

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CARES ACT

Link to the Full BILL: <https://www.congress.gov/bill/116th-congress/senate-bill/3548/text>

SBA 7(a) Loans that are eligible for forgiveness.

For profit business with 500 or fewer employees will qualify for a SBA 7(a) loan.

What is covered: payroll, mortgage payments, rent, utilities, sick leave, family leave, and other overhead expenses.

Loan Size:

- If you were in business between Feb 15, 2019 and June 30, 2019: Max loan size in 2.5x your total average monthly payroll for the previous year
- If you weren't in business between Feb 15, 2019 and June 30, 2019: Max loan is 2.5x your average total monthly payroll between Jan 1, 2020 and Feb 29, 2020

Interest rate: Capped at 4%

Loan Forgiveness (tax free)

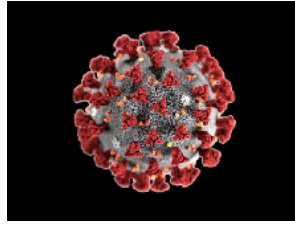
- applies to **8 WEEKS** of payroll, mortgage payments, rent, utilities, sick leave, family leave, and other overhead expenses.
- Max individual employee compensation is capped at \$100,000.
- Forgiveness reduced if any reduction in employees going back to Feb 15, 2020 or
- Must request forgiveness
- Must submit to the lender containing the following required documents.
 - Documentation verifying the number of full-time equivalent employees on payroll and pay rates for pre- and post-covered periods, including payroll tax filings reported to the IRS and state income, payroll, and unemployment insurance filings;
 - Documentation such as cancelled checks verifying mortgage interest, lease, and utility payments;
 - Certification from a representative of the recipient that (a) the documentation presented is true and correct, and (b) the amount for which forgiveness is requested was used to retain employees, make interest payments on a covered mortgage obligation, make payments on a covered rent obligation or make covered utility payments; and any other documentation the SBA deems necessary.

OTHER PROVISIONS

The SBA will pay the principal, interest, and fees on **existing** 7(a) loans for 6 months.

TAX-FREE withdrawals from retirement accounts if optometrist, their spouse or dependent are diagnosed with SARS-CoV-2 or COVID-19, or experience adverse financial consequences as a result of being quarantined, furloughed, laid off, or having work hours reduced due to the virus.

Student Loan Interest Deferral: No payments required until Sept 30. No interest will accumulate on federal student loans. Private loans don't qualify.



SBA ECONOMIC INJURY DISASTER LOAN PROGRAM

State governors must request access to the Economic Injury Disaster Loan program for business located in their states

Low interest loans up to \$2 million

3.75% for small business, 2.75% for nonprofits

loan term max of 30 years

Can be used to cover accounts payable, debts, payroll and other bills the coronavirus has affected your ability to pay.

SBA Disaster Assistance Customer Service Center at 1-800-659-2955

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

See attached SBA fact sheet for more information.

ADDITIONAL ASSISTANCE

FEDERAL INCOME TAX DEADLINE

The federal government has extended the tax filing deadline to 07/15/2020 and has extended the deadline for tax payments up to \$10 million to 07/15/2020.

LOCAL AND STATE ASSISTANCE

Visit your state governor's page: <https://www.nga.org/governors/addresses/>

LENDER SMALL BUSINESS ASSISTANCE

Banks making special provisions: <https://www.forbes.com/sites/advisor/2020/03/12/list-of-banks-offering-relief-to-customers-affected-by-coronavirus/#e3fdde93ee3d>

Look for your individual bank here: <https://www.aba.com/about-us/press-room/industry-response-coronavirus#AlphaC>

PRIVATE SECTOR ASSISTANCE

Facebook grants: <https://www.facebook.com/business/boost/grant>

U.S. SMALL BUSINESS ADMINISTRATION FACT SHEET – ECONOMIC INJURY DISASTER LOANS

TEXAS Declaration #16381

(Disaster: TX-00544)

Incident: CORONAVIRUS (COVID-19) occurring: January 31, 2020 & continuing

All counties within the State of Texas;

the contiguous Arkansas counties of: Little River & Miller;

the contiguous Louisiana parishes of: Beauregard, Caddo, Calcasieu, Cameron, DeSoto, Sabine & Vernon; the

contiguous New Mexico counties of: Curry, Doña Ana, Eddy, Lea, Otero, Quay, Roosevelt & Union;

and the contiguous Oklahoma counties of: Beaver, Beckham, Bryan, Choctaw, Cimarron, Cotton, Ellis, Harmon, Jackson, Jefferson, Love, Marshall, McCurtain, Roger Mills, Texas & Tillman

Application Filing Deadline: December 21, 2020

Disaster Loan Assistance Available:

Economic Injury Disaster Loans (EIDLs) – Working capital loans to help small businesses, small agricultural cooperatives, small businesses engaged in aquaculture, and most private, non-profit organizations of all sizes meet their ordinary and necessary financial obligations that cannot be met as a direct result of the disaster. These loans are intended to assist through the disaster recovery period.

Credit Requirements:

- Credit History – Applicants must have a credit history acceptable to SBA.
- Repayment – Applicants must show the ability to repay the loan.
- Collateral – Collateral is required for all EIDL loans over \$25,000. SBA takes real estate as collateral when it is available.
SBA will not decline a loan for lack of collateral, but SBA will require the borrower to pledge collateral that is available.

Interest Rates:

The interest rate is determined by formulas set by law and is fixed for the life of the loan. The maximum interest rate for this disaster is 3.75 percent.

Loan Terms:

The law authorizes loan terms up to a maximum of 30 years. SBA will determine an appropriate installment payment based on the financial condition of each borrower, which in turn will determine the loan term.

Loan Amount Limit:

The law limits EIDLs to \$2,000,000 for alleviating economic injury caused by the disaster. The actual amount of each loan is limited to the economic injury determined by SBA, less business interruption insurance and other recoveries up to the administrative lending limit. SBA also considers potential contributions that are available from the business and/or its owner(s) or affiliates. If a business is a major source of employment, SBA has the authority to waive the \$2,000,000 statutory limit.

Loan Eligibility Restrictions:

Noncompliance – Applicants who have not complied with the terms of previous SBA loans may not be eligible. This includes borrowers who did not maintain required flood insurance and/or hazard insurance on previous SBA loans.

Note: Loan applicants should check with agencies / organizations administering any grant or other assistance program under this declaration to determine how an approval of SBA disaster loan might affect their eligibility.

Refinancing:

Economic injury disaster loans cannot be used to refinance long term debts.

Insurance Requirements:

To protect each borrower and the Agency, SBA may require you to obtain and maintain appropriate insurance. By law, borrowers whose damaged or collateral property is located in a special flood hazard area must purchase and maintain flood insurance. SBA requires that flood insurance coverage be the lesser of 1) the total of the disaster loan, 2) the insurable value of the property, or 3) the maximum insurance available.

Date: 03/20/2020

Applicants may apply online, receive additional disaster assistance information and download applications at

<https://disasterloan.sba.gov/ela>. Applicants may also call SBA's Customer Service Center at (800) 659-2955 or email disastercustomerservice@sba.gov for more information on SBA disaster assistance. Individuals who are deaf or hard-of-hearing may call (800) 877-8339. Completed applications should be mailed to U.S. Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155.

UNEMPLOYMENT BENEFITS FOR THE SELF EMPLOYED

<https://www.nerdwallet.com/blog/small-business/unemployment-benefits-selfemployed/>

How does unemployment apply to private practice optometrists?

- You must be a W2 employee.
 - C-Corps and S-Corps qualify
 - LLCs qualify if you've taken an S-Corp election.
 - Partnerships don't qualify.
 - Sole proprietorships don't qualify.
- Not all states allow owner employees to collect unemployment (TX does allow)
- Unemployment benefit calculation: 50% of the average weekly payment of regular compensation, plus, through July 31, 2020, an additional \$600 per week.
- One-week waiting period for benefits has been waived.
- Duration for such assistance is extended to 39 weeks (between January 27, 2020 and December 31, 2020).

FAMILIES FIRST CORONAVIRUS RESPONSE ACT

Link to bill: <https://www.congress.gov/bill/116th-congress/house-bill/6201/text>

EMERGENCY FAMILY AND MEDICAL LEAVE EXPANSION ACT

Term: From the date the Emergency Family and Medical Leave Expansion Act takes effect ending on December 31, 2020

PUBLIC HEALTH EMERGENCY LEAVE.

ELIGIBLE EMPLOYEE.—an employee who has been employed for at least 30 calendar days by the employer with respect to whom leave is requested under section 102(a)(1)(F)

AFFECTED BUSINESSES: fewer than 500 employees. 50 or more employees for each working day during each of 20 or more calendar workweeks in the current or preceding calendar year’.

QUALIFYING NEED RELATED TO A PUBLIC HEALTH EMERGENCY.—employee is unable to work (or telework) due to a need for leave to care for the son or daughter under 18 years of age of such employee if the school or place of care has been closed, or the child care provider of such son or daughter is unavailable, due to a public health emergency.

EXCLUSIONS:

exclude certain health care providers and emergency responders from the definition of eligible employee under section 110(a)(1)(A); and

exempt small businesses with fewer than 50 employees from the requirements of section 102(a)(1)(F) when the imposition of such requirements would jeopardize the viability of the business as a going concern.

UNPAID LEAVE FOR INITIAL 10 DAYS.—

The first 10 days for which an employee takes leave may consist of unpaid leave.

An employee may elect to substitute any accrued vacation leave, personal leave, or medical or sick leave for unpaid leave

PAID LEAVE FOR SUBSEQUENT DAYS.—

An employer shall provide paid leave for each day of leave that an employee takes after taking initial 10 days leave.

CALCULATION.—

an amount that is not less than two-thirds of an employee’s regular rate of pay or the number of hours the employee would otherwise be normally scheduled to work

VARYING SCHEDULE HOURS CALCULATION.—In the case of an employee whose schedule varies from week to week to such an extent that an employer is unable to determine with certainty the number of hours the employee would have worked if such employee had not taken leave, the employer shall use the following in place of such number:

- A number equal to the average number of hours that the employee was scheduled per day over the 6-month period ending on the date on which the employee takes such leave, including hours for which the employee took leave of any type.
- If the employee did not work over such period, the reasonable expectation of the employee at the time of hiring of the average number of hours per day that the employee would normally be scheduled to work.

CLARIFICATION.— In no event shall such paid leave exceed \$200 per day and \$10,000 in the aggregate.

RESTORATION TO POSITION.

IN GENERAL.—shall not apply with respect to an employee of an employer who employs fewer than 25 employees if the conditions described below are met.

- The employee takes leave under section 102(a)(1)(F).
- The position held by the employee when the leave commenced does not exist due to economic conditions or other changes in operating conditions of the employe that affect employment and are caused by a public health emergency during the period of leave.
- The employer makes reasonable efforts to restore the employee to a position equivalent to the position the employee held when the leave commenced, with equivalent employment benefits, pay, and other terms and conditions of employment.
- If the reasonable efforts of the employer under subparagraph (C) fail, the employer makes reasonable efforts during the period described in paragraph (3) to contact the employee if an equivalent position described in subparagraph (C) becomes available.
- **CONTACT PERIOD.**—The period described under this paragraph is the 1-year period beginning on the earlier of—
 - the date on which the qualifying need related to a public health emergency concludes
 - the date that is 12 weeks after the date on which the employee’s leave under section 102(a)(1)(F) commences.

DIVISION E — EMERGENCY PAID SICK LEAVE ACT

An employer shall provide to each employee employed by the employer paid sick time to the extent that the employee is unable to work (or telework) due to a need for leave because:

- The employee is subject to a Federal, State, or local quarantine or isolation order related to COVID–19.
- The employee has been advised by a health care provider to self-quarantine due to concerns related to COVID–19.
- The employee is experiencing symptoms of COVID–19 and seeking a medical diagnosis.

- The employee is caring for a son or daughter of such employee if the school or place of care of the son or daughter has been closed, or the child care provider of such son or daughter is unavailable, due to COVID–19 precautions.

Except that an employer of an employee who is a health care provider or an emergency responder may elect to exclude such employee from the application of this subsection.

DURATION OF PAID SICK TIME.—

AMOUNT OF HOURS.—The amount of hours of paid sick time to which an employee is entitled shall be as follows:

- For full-time employees, 80 hours.
- For part-time employees, a number of hours equal to the number of hours that such employee works, on average, over a 2-week period.

CARRYOVER.—Paid sick time under this section shall not carry over from 1 year to the next.

Employer’s Termination Of Paid Sick Time.—Paid sick time provided to an employee under this Act shall cease beginning with the employee’s next scheduled workshift immediately following the termination of the need for paid sick time.

Prohibition.—An employer may not require, as a condition of providing paid sick time under this Act, that the employee involved search for or find a replacement employee to cover the hours during which the employee is using paid sick time.

Use Of Paid Sick Time.—The paid sick time under subsection (a) shall be available for immediate use by the employee for the purposes described in such subsection, regardless of how long the employee has been employed by an employer.

PROHIBITION.—An employer may not require an employee to use other paid leave provided by the employer to the employee before the employee uses the paid sick time under subsection (a).

NOTICE.—Each employer must post, a notice, to be prepared or approved by the Secretary of Labor, of the requirements described in this Act.

PROHIBITED ACTS.—It shall be unlawful for any employer to discharge, discipline, or in any other manner discriminate against any employee who—

- takes leave in accordance with this Act; and
- has filed any complaint or instituted or caused to be instituted any proceeding under or related to this Act (including a proceeding that seeks enforcement of this Act), or has testified or is about to testify in any such proceeding.

SBA CHECKLIST

SBA Loan Programs for Small Businesses



7(a) Loan Application Checklist

Once a business has decided to apply for a loan guaranteed by the SBA, it will need to collect the appropriate documents for application. Use the checklist below to ensure the business has everything the lender will ask for to complete the application. Once the loan package is complete, the lender will submit it to the SBA.

Borrower Information Form

To begin the process, the small business owner will need to complete SBA Form 1919. This form must be completed by all associates of the business applicant as required on the form, to include all owners of 20% or more of the business, all officers and directors, managing members, any person hired to manage the day-to-day operations and any other person who is guaranteeing the loan.

Personal Background and Financial Statement

To assess a small business owner's eligibility, the SBA also might require that they complete the following forms:

- Statement of Personal History - SBA Form 912 (If required after completing Form 1919)
- Personal Financial Statement - SBA Form 413 (Not required, but available for lenders to use)

Business Financial Statement

To support a small business owner's application and demonstrate ability to repay the a loan, the following statements must be prepared:

- Year End Profit and Loss (P&L) Statement for the last three years
- Year End Balance Sheet for the last three years, including a detailed debt schedule
- Reconciliation of Net Worth
- Interim Balance Sheet
- Interim Profit & Loss Statements
- Projected Financial Statements that include month to month cash flow projections, for at least a one-year period.

Business Certificate/License

Small business owners will need to be able to provide the original business license or certificate of doing business when closing the loan. If the business is a corporation, stamp the corporate seal on the SBA loan application form. This information should be readily available to provide to the lender.

Loan Application History

Include records of any loans the small business owner may have applied for in the past.

Income Tax Returns

Include the business' signed federal income tax returns for the previous three years.

Resumes

Include personal resumes for each principal.

Business Overview and History

Provide a history of the business and its challenges. Include an explanation of why the SBA loan is needed and how it will help the business.

Business Lease

Include a copy of the business lease, or note for a landlord, giving terms of the proposed lease.

Additional Documents (If Purchasing an Existing Business)

The following information may be required for purchasing an existing business:

- Current balance sheet and P&L statement of business to be purchased
- Previous three years' federal income tax returns of the business to be purchased
- Proposed Bill of Sale including Terms of Sale
- Asking price with schedule of inventory, machinery and equipment, furniture and fixtures
- Franchise, jobber or licensing agreements
- Proof of equity injection
- Additional SBA forms may be required based on the specific use of proceeds or fees paid by the applicant to a loans package, broker or agent