HCLLP
Covid Relief Programs

Families First Coronavirus Response Act (FFCRA)
Coronavirus Aid, Relief, and Economic Security Act (CARES Act)

HARSHWAL® & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

BUSINESS CONTINUITY LOANS

Particulars		Paycheck Protection Program (PPP)- CARES Act	Main Street New Loan Facility (MSNLF)- CARES Act	Main Street Expanded Loan Facility (MSELF)- CARES Act	Main Street Priority Loan Facility (MSPLF)- CARES Act	Nonprofit Organization New Loan Facility (NONLF)- CARES Act	Nonprofit Organization Expanded Loan Facility (NOELF)-CARES Act
Purpose		loan designed to provide a direct incentive for small businesses to keep their workers on the payroll.	to facilitate lending to small and medium-sized US Businesses by Eligible Lenders to mitigate the adverse economic effects of the COVID-19 pandemic.	to facilitate lending to small and medium-sized Businesses by Eligible Lenders	to facilitate lending to small and medium-sized Businesses by Eligible Lenders.	to facilitate lending to Nonprofit Organizations by Eligible Lenders.	to facilitate lending to Nonprofit Organizations by Eligible Lenders.
Description		Forgivable loan	5-year loan	5-year loan	5-year loan	5-year loan	5-year loan
Eligibility		Businesses, including nonprofit organizations under Internal Revenue Code (IRC) Section 501(c)(3), veterans' organizations under IRC Section 501(c)(19), and tribal organizations, that have 500 or fewer employees (or the Small Business Administration's employee-based or revenue based industry size standard, if higher). Businesses in the food and accommodations industry (as defined in NAICS 724) with 500 or fewer employees per location. Sole proprietors, independent contractors, and self-employed individuals. Borrowers must certify: • The uncertainty of current economic conditions makes the loan necessary to support ongoing operations. • The funds will be used to (1) retain workers and maintain payroll and group health care benefits or (2) make certain interest, rent, or utility payments. • The business did not receive an SBA Section 7(a)5 loan between 2/15/20 and 12/31/20 for the same expenses.	Small and medium sized business, defined as having up to 15K employees or up to $5B in 2019 annual revenues. Each borrower must be a business that was created and organized in the US, or under the laws of the US with significant operations in the US and a majority of its employees based in the US, and was established prior to March 13, 2020. Eligible borrowers may not also participant in the Main Street Priority Loan Facility, the Main Street Existing Loan Facility or the Primary Market Corporate Credit Facility. Eligible borrowers may also not have received specific support pursuant to the Coronavirus Economic Stabilization Act of 2020.	Small and medium sized business, defined as having up to 15K employees or up to $5B in 2019 annual revenues. Each borrower must be a business that is created and organized in the US, or under the laws of the US with significant operations in the US and the majority of its employees based in the US and was established prior to March 13, 2020. Provides for an upsize tranche for eligible term loans that were originated on or before 4/24/20. Eligible borrowers may not also participant in the Main Street Priority Loan Facility, the Main Street New Loan Facility or the Primary Market Corporate Credit Facility. Eligible borrowers may also not have received specific support pursuant to the Coronavirus Economic Stabilization Act of 2020	Small and medium-sized business, defined as having up to 15K employees or up to $5B in 2019 annual revenues. Each borrower must be a business that is created and organized in the US, or under the laws of the US with significant operations in the US and the majority of its employees based in the US and was established prior to March 13, 2020. Eligible borrowers may not also participant in the Main Street New Loan Facility, the Main Street Existing Loan Facility or the Primary Market Corporate Credit Facility. Eligible borrowers may also not have received specific support pursuant to the Coronavirus Economic Stabilization Act of 2020.	Nonprofit Organizations, that has been in continuous operation since January 1, 2015; having up to 15K employees or up to $5B in 2019 annual revenues; has at least 10 employees; has an endowment of less than $3 billion; has total non-donation revenues equal to or greater than 60% of expenses for the period from 2017 through 2019; has a ratio of adjusted 2019 earnings before interest, depreciation, and amortization ("EBIDA") to unrestricted 2019 operating revenue,5 greater than or equal to 2%; has a ratio (expressed as a number of days) of (i) liquid assets6 at the time of loan origination to (ii) average daily expenses over the previous year, equal to or greater than 60 days; at the time of loan origination, has a ratio of (i) unrestricted cash and investments to (ii) existing outstanding and undrawn available debt, plus the amount of any loan under the Facility, plus the amount of any CMS Accelerated and Advance Payments, that is greater than 55%; is created or organized in the United States or under the laws of the United States with significant operations in and a majority of its employees based in the United States. Eligible borrowers may not also participant in the NOELF, the MSNLF, the MSPLF, the MSELF, the Primary Market Corporate Credit Facility, or the Municipal Liquidity Facility. Eligible borrowers may also not have received specific support pursuant to the Coronavirus Economic Stabilization Act of 2020.	Nonprofit Organizations, that has been in continuous operation since January 1, 2015; having up to 15K employees or up to $5B in 2019 annual revenues; has at least 10 employees; has an endowment of less than $3 billion; has total non-donation revenues equal to or greater than 60% of expenses for the period from 2017 through 2019; has a ratio of adjusted 2019 earnings before interest, depreciation, and amortization ("EBIDA") to unrestricted 2019 operating revenue,5 greater than or equal to 2%; has a ratio (expressed as a number of days) of (i) liquid assets6 at the time of loan origination to (ii) average daily expenses over the previous year, equal to or greater than 60 days; at the time of loan origination, has a ratio of (i) unrestricted cash and investments to (ii) existing outstanding and undrawn available debt, plus the amount of any loan under the Facility, plus the amount of any CMS Accelerated and Advance Payments, that is greater than 55%; is created or organized in the United States or under the laws of the United States with significant operations in and a majority of its employees based in the United States. Eligible borrowers may not also participant in the NOELF, the MSNLF, the MSPLF, the MSELF, the Primary Market Corporate Credit Facility, or the Municipal Liquidity Facility. Eligible borrowers may also not have received specific support pursuant to the Coronavirus Economic Stabilization Act of 2020.
Terms of Programs	Amount	Lesser of a) 2.5x average monthly payroll or b) $10 million	Minimum of $250K up to $35M. Maximum loan is the lesser of $35M or the amount, when added to existing debt/committed undrawn debt that does not exceed 4 times the borrower's 2019 EBITDA.	Minimum of $10M up to $300M. Maximum loan is the lesser of $300M, 35% of the eligible borrowers existing outstanding but undrawn bank debt, or the amount, when added to existing debt/committed undrawn debt that does not exceed 6 times the borrower's 2019 EBITDA	Minimum of $250K up to $50M Maximum loan is the lesser of $50M or an amount that, when added to the existing outstanding and undrawn debt, does not exceed 6 times the eligible borrower's 2019 EBITDA	minimum loan size of $250,000; maximum loan size that is the lesser of (i) $35 million or (ii) the Eligible Borrower's average 2019 quarterly revenue;	minimum loan size of $10 million; maximum loan size that is the lesser of (i) $300 million or (ii) the Eligible Borrower's average 2019 quarterly revenue
	Duration	Loans issued prior to June 5 have a maturity of 2 years unless the borrower and lender mutually agree to extend the term of the loan to five years. . Loans issued after June 5 have a maturity of 5 years.; Loan payments will be deferred for six months	5 years – Amortization of 15% at the end of the third year, 15% at the end of the fourth year, and a balloon payment of 70% at maturity at the end of the fifth year. principal payments deferred for two years. prepayment permitted without penalty.	5 years – principal amortization of 15% at the end of the second year, 15% at the end of the third year, and a balloon payment of 70% at maturity at the end of the fourth year principal payments deferred for two years. prepayment permitted without penalty.	5 years – amortization of 15% at the end of the second year, 15% at the end of the third year and a balloon payment of 70% at maturity at the end of the fourth year. principal payments deferred for two years. prepayment permitted without penalty.	5 years- principal amortization of 15% at the end of the third year, 15% at the end of the fourth year, and a balloon payment of 70% at maturity at the end of the fifth year; principal payments deferred for two years. prepayment permitted without penalty.	5 years- principal amortization of 15% at the end of the third year, 15% at the end of the fourth year, and a balloon payment of 70% at maturity at the end of the fifth year; principal payments deferred for two years. prepayment permitted without penalty.
	Interest Rate	Guidelines indicate 1%	Adjustable rate of LIBOR (1 or 3 months) + 300 basis points. interest payments deferred for one year, with unpaid interest capitalized;	Adjustable rate of LIBOR (1 or 3 months) + 300 basis points. interest payments deferred for one year, with unpaid interest capitalized;	Adjustable rate of LIBOR (1 or 3 months) + 300 basis points. interest payments deferred for one year, with unpaid interest capitalized;	Adjustable rate of LIBOR (1 or 3 months) + 300 basis points. interest payments deferred for one year, with unpaid interest capitalized;	Adjustable rate of LIBOR (1 or 3 months) + 300 basis points. interest payments deferred for one year, with unpaid interest capitalized;
Qualifying Expenses		Payroll, Interest, Rent and Utility Costs	N/A	N/A	N/A	N/A	N/A
Forgiveness Criteria	Amount	Amount spent on qualifying expenses w/in first 24 weeks of loan disbursement. Use at least 60% for payroll costs and 40% for the qualifying non-payroll costs	None	None	None	None	None
	Eligibility	a) 60% of expenses used for payroll b) Amount will be reduced proportionally if 1) headcount reduced before 12/31/2020 or 2) payroll reduced by 25% or more	None	None	None	None	None
Timelines		Small businesses and sole proprietorships can apply 4/3/20; independent contractors and self-employed can apply on 4/10/20; application deadline is 6/30/20. December 31, 2020 is the final cutoff date for eligible expenses. For loans being disbursed July 16 and later, this means that employers will not be able to take full advantage of the 24 weeks.	Effective for eligible loans that were originated after 4/24/20. July 28, 2020 (revised and updated).	Effective for eligible loans originated before 4/24/20 with a remaining maturity of at least 18 months (taking into account any adjustments made to the maturity of the loan after April 24, 2020, including at the time of upsizing)	Effective for eligible loans that were originated after 4/24/20.	An Eligible Loan is a secured or unsecured term loan made by an Eligible Lender(s) to an Eligible Borrower that was originated after June 15, 2020.	:An Eligible Loan is a secured or unsecured term loan or revolving credit facility made by an Eligible Lender(s) to an Eligible Borrower that was originated on or before June 15, 2020, and that has a remaining maturity of at least 18 months (taking into account any adjustments made to the maturity of the loan after June 15, 2020, including at the time of upsizing)
Additional Considerations		Calculating the amount of the loan forgiveness can be challenging. In addition, companies need to make sure they are doing everything within their control to maximize loan forgiveness, including appropriately tracking qualified expenses and understanding the variables in the forgiveness calculations. Borrowers should also consider creating a document that details the facts and circumstances supporting the need for the loan.	**A total of $600B is available under the Main Street Lending Program*.** The borrower should make commercially reasonable efforts to maintain its payroll and retain its employees during the time the loan is outstanding. Under all three programs, the lender and the borrower are required to make various attestations, including the following: ▪ The borrower must refrain from repaying the principal balance off, or paying any interest on, any debt until the MSLF loan is paid in full, unless the debt or interest payment is mandatory and due. ▪ The borrower must commit that it will not seek to cancel or reduce any of its committed lines of credit with the eligible lender or any other lender. ▪ The borrower must certify that it has a reasonable basis to believe that it has the ability, after the effect of such loan, to meet its financial obligations for the next 90 days and does not expect to file for bankruptcy during that time. ▪ The borrower must commit that it will follow the compensation, stock repurchase, and capital distribution restrictions that apply to the loan, except that an S corporation or pass-through entity may make distributions to cover's its owners' tax obligation. ▪ The borrower must certify it is eligible to participate in the Facility. ▪ The lender must commit that it will not require the borrower repay debit or pay interest on outstanding debt until the MSLF loan is paid in full, unless the debt or interest payment is mandatory and due, or in the case of default and acceleration. ▪ The lender must commit to not cancel or reduce existing lines of credit, except in the event of default. ▪ Facility Termination: The SPV will cease purchasing participations in Eligible Loans on December 31, 2020, unless the Board and the Department of the Treasury extend the Facility. The Reserve Bank will continue to fund the SPV after such date until the SPV's underlying assets mature or are sold.	This facility provides the ability for borrowers to upsize existing eligible loans as further defined in the program. **Also see MSNLF program above for general considerations.**	This facility opens up the program for borrowers with greater leverage. **Also see MSNLF program above for general considerations except that** the borrower may, at the time of origination of the loan, refinance existing debt owed by borrower to a lender that is not the MSPLF lender.	**Also see MSNLF program above for general considerations.**	**Also see MSNLF program above for general considerations.**
Recent Updates		Current law dictates that the Paycheck Protection Program (PPP) close at the end of August 8, 2020. As such, SBA is no longer accepting PPP applications from participating lenders.	Term Sheet Effective Date: July 28, 2020 (revised and updated).	Term Sheet Effective Date: July 28, 2020 (revised and updated).	Term Sheet Effective Date: July 28, 2020 (revised and updated).	Term Sheet Effective Date: July 28, 2020 (revised and updated).	Term Sheet Effective Date: July 28, 2020 (revised and updated).

HCLLP
Covid Relief Programs
Families First Coronavirus Response Act (FFCRA)
Coronavirus Aid, Relief, and Economic Security Act (CARES Act)

HARSHWAL® & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

EMPLOYEE TAX CREDITS AND DEFERMENTS

Particulars		Economic Injury Disaster Loan (EIDL)- CARES Act	Small Business Debt Relief Program- CARES Act	Express Bridge Loan (EBL)- CARES Act	Payroll Tax Deferment- CARES Act	Employee Retention Tax Credit- CARES Act	Emergency Family and Medical Leave Expansion Act - FFCRA Act	Emergency Paid Sick Leave Act- FFCRA Act
Purpose		to provide economic relief to businesses that are currently experiencing a temporary loss of revenue (working capital loan).	Make payments on current or future SBA loans	Expedited loan funding while awaiting long-term financing	Short-term relief from payroll taxes	Credit designed for employer to keep employees (EE) on payroll	To provide paid leave to employees (EE) who are unable to work (or telework) due to a need to care for a son or daughter (under age 18) because the child's school or child care provider is closed due to a public health emergency.	To provide paid sick time to employees (EE) who are unable to work (or telework) for one or more of the following reasons: 1) EE is subject to a governmental quarantine or isolation order; 2) EE has been advised by a med provider to self-quarantine; 3) EE is experiencing COVID-19 symptoms and seeking diagnosis; 4) EE is caring for someone who is subject to a quarantine or isolation order, or has been advised by a med provider to self quarantine; 5) EE is caring for a son or daughter whose school or child care provider is closed due to COVID19; or 6) EE is experiencing any other substantially similar condition.
Description		30 year loan + a forgivable advance up to $10K	Temporary loan payment relief; the SBA will pay 6 months of principal, interest, and any associated fees that borrowers owe for all current 7(a), 504, and Microloans in regular servicing status as well as new 7(a), 504, and Microloans disbursed prior to September 27, 2020	Short-term loan	Tax deferment	Refundable tax credit	Paid employee leave refunded through payroll tax credit/refund	Paid employee leave refunded through payroll tax credit/refund
Eligibility		500 or fewer employees per location (includes tribal business, sole proprietorship, independent contractor); nonprofits (all private nonprofits, including 501c-, 501d-, 501e-exempt) Borrowers must have suffered economic injury as a result of COVID-19.	Businesses with an existing or new SBA loan	Any U.S.-based small business that can prove to be adversely affected by COVID-19 is eligible for an Express Bridge Loan. A small business is defined as having a maximum of $750,000 to $35.5 million in revenue or a maximum of 100 to 1,500 employees.	All employers (including government entities) may defer the deposit and payment of the employer's share of Social Security tax.	All employers that experience a significant decline in gross receipts or suspends operations during 2020 due to COVID-19	The paid sick leave and expanded family and medical leave provisions of the FFCRA apply to certain public employers, and private employers with fewer than 500 employees.	The paid sick leave and expanded family and medical leave provisions of the FFCRA apply to certain public employers, and private employers with fewer than 500 employees.
Terms of Programs	Amount	Up to $2M but as reported by numerous news outlets and publications in May 2020, SBA set a new $150,000 limit due to the high number of applications., including a forgivable advance calculated at $1K per employee up to $10K	Equal to 6 months of loan principal and interest	Up to $25,000 ; Small businesses can borrow up to $25,000 for disaster-related purposes through March 13, 2021	Equal to employer share of social security tax	tax credit is equal to 50% of qualified wages, up to $5,000 per employee	EE is paid at 2/3 regular pay at 2/3 their regular rate or 2/3 the applicable minimum wage, whichever is higher, up to $200 per day and $12,000 in the aggregate (over a 12-week period).	For reasons (1), (2), & (3), EE is paid at 100% regular pay for the number of hours employee would otherwise be normally scheduled to work, with a maximum of $511/day for the duration of the leave, up to 80 hours for full-time employees, or, for part-time employees, the number of hours that such employee works, on average, over a 2-week period, with a maximum of $5,110. For reasons (4), (5), and (6), EE is paid 2/3 regular pay with a maximum of $200/-day and $2,000 in the aggregate.
	Duration	30-year; 12-month deferral option	6 months	Max 7 years; Or, payment of the loan in full may be required if approved for long-term disaster financing with loan proceeds being available for use towards the EBL loan.	The payroll tax deferral period begins on March 27, 2020 and ends December 31, 2020	3/12/20 through 1/1/21	Up to 10 weeks after taking the first 10 days unpaid, or, at employee election, substituting any accrued vacation leave, personal leave, or medical or sick leave (including Emergency Paid Sick Leave below).	Up to 10 work days. Employer may not require that employee find a replacement employee to cover the hours EE is on leave, nor may employer require employee to use other paid leave provided by employer before use of this paid leave.
	Interest Rate	3.75% (business) or 2.75% (non-profit); interest accrues during deferment period	Varies	6.5% over the prime rate (currently 4.25%). Interest rates can be fixed or variable. ; No collateral is required	N/A	N/A	N/A	N/A
Qualifying Expenses		Payroll, Interest, Rent & Utility Costs (Bills that cannot be paid due to a disaster's impact) Also, EIDL funds cannot be used to cover expenses already covered by a PPP loan.	Existing SBA qualifying loan payments	Payroll, Interest, Rent, Utility costs and Bills that cannot be paid due to a disaster's impact	employers may defer deposits of the employer's share of Social Security tax due during the "payroll tax deferral period" and payments of the tax imposed on wages paid during that period	qualifying wages including qualified health plan expenses up to $10,000. If an employer averaged 100 or fewer full-time employees during 2019, qualified wages are those wages, including health care costs, (up to $10,000 per employee) paid to any employee during the period operations were suspended or the period of the decline in gross receipts, regardless of whether or not its employees are providing services	Payroll	Payroll
Forgiveness Criteria	Amount		Equal to 6 months of loan principal and interest	None	N/A	N/A	Amount paid to each employee (2/3 of employee's regular rate of pay, limited to $200/day/employee) who qualifies for leave under EFMLEA	Amount paid to each employee who qualifies under reasons (1), (2), and (3) at 100% of employee's regular rate of pay limited to $511/day/employee, and amount paid to each employee who qualifies under reasons (4), (5), and (6) at 2/3 of employee's regular rate of pay limited to $200/day/employee
	Eligibility	<500 employees located in a disaster area (i.e., U.S.)	Eligible loans are automatically opted in by the SBA	None	N/A	N/A	a)employee must have been employed for at least 30 calendar days prior to taking leave. b) employee was unable to work (or telework) due to a need for leave to care for a son or daughter under age 18 because the child's school or child care provider is closed due to a public health emergency	a)employee was unable to work (or telework) due to one of the six listed reasons. (No minimum period of employment required)
Timelines		Unknown at this time	6-month period begins with the first payment after the enactment of the CARES Act (3/27/20) ; For loans made after March 27, 2020 and fully disbursed prior to September 27, 2020, SBA will begin making payments with the first payment due on the loan and will make six monthly payments	Because it's an express loan, the SBA has stated that you'll receive the funds within 45 days of approval, and no later than 90 days; Eligibility period: Available until March 13, 2021	The deferred deposits of the employer's share of Social Security tax must be deposited by the following dates: On December 31, 2021, 50 percent of the eligible deferred amount; and On December 31, 2022, the remaining amount.	Reported on each quarter of federal tax returns, up to $5,000 per employee in the calendar year	Employer must claim credit on next payroll tax filing. If the amount of the credit exceeds employer's total payroll tax obligation for the quarter (for all employees), it will be treated as an overpayment and will generate a refund	Employer must claim credit on next payroll tax filing. If the amount of the credit exceeds employer's total payroll tax obligation for the quarter (for all employees), it will be treated as an overpayment and will generate a refund.
Additional Considerations		SBA will begin accepting new EIDL and EIDL Advance applications on June 15 to qualified small businesses and U.S. agricultural businesses. Collateral: The SBA requires collateral for all loans over $25,000. Real estate is acceptable as collateral. SBA has said it will not decline a loan for lack of collateral, but it will require the borrower to pledge collateral that is available. According to an SBA Procedural Notice issued on June 19, : - An EIDL loan may not be refinanced with a PPP loan if the PPP borrower received the EIDL loan before Jan. 31, 2020, or after April 3, 2020. - An EIDL loan may but is not required to be refinanced with a PPP loan if the PPP borrower received the EIDL funds from Jan. 31 through April 3, 2020, and used the PPP loan funds for purposes other than payroll costs. - If the PPP borrower received the EIDL funds from Jan. 31 through April 3, 2020, and used them for payroll costs, the PPP loan must be used to refinance the full EIDL loan amount.	Borrowers who believe they are eligible, should still check with their lenders to confirm their eligibility before foregoing their next payments	To qualify for the bridge loan, your business will be evaluated by your credit scores, tax transcript, and existing banking relationship	Businesses claiming PPP cannot use this program	Businesses claiming PPP cannot use this program; Wages for this credit do not include wages for which the employer received a tax credit for paid sick and family leave under the Families First Coronavirus Response Act.	Funds from PPP loan may not be used for amounts paid toward EFMLEA leave and reimbursed through the payroll tax credit/refund May be taken on an intermittent basis, but employer should be conscious of daily and cumulative maximum $$s An employee may elect to substitute any accrued vacation leave, personal leave, or medical or sick leave for the first two weeks of partial paid leave under this section.	Funds from PPP loan may not be used for amounts paid toward EFMLEA leave and reimbursed through the payroll tax credit/refund Reason (1) does not include Shelter-in-Place/ Stay Home orders by the governor. Paid sick time provided under this Act does not carry-over from one year to the next. Employees are not entitled to reimbursement for unused leave upon termination, resignation, retirement, or other separation from employment. An employee may elect to substitute any accrued vacation leave, personal leave, or medical or sick leave for the first two weeks of partial paid leave under this section.
Recent Updates		SBA was also offering eligible business owners EIDL advances up to $10,000 ($1,000 per employee), which do not have to be repaid and could be granted even if the business was not approved for an EIDL. However, SBA said in mid-July that it was discontinuing making advances to new applicants, as the full $20 billion appropriated by Congress had been allocated. "By law, the SBA is not permitted to issue new EIDL advances once all program funding has been obligated," SBA said in a release. SBA noted that "EIDL loan applications will still be processed even though the Advance is no longer available.	**Additional Debt Relief:** For current SBA Serviced Disaster (Home and Business) Loans: If your disaster loan was in "regular servicing" status on March 1, 2020, the SBA is providing automatic deferments through December 31, 2020.					