

04/10 Federation COVID-19 Call – 1pm

Neil Bradley – EIDL program – running out of money. There is a cap on the program. Funded in phase 1 bill. Because of backlog – we did not have a good sense of the massive oversubscription. Informing that loans are being capped at 15k (25k-35) The average was 250. This is in addition to the rationing of the 10k emergency advance. They are giving 1k per employee up to 10k. Immediate replenishment is needed. US Chamber weighing in with an emergency request to increase EIDL and PPP. At most folks will get a fraction of what they applied for. He expects congress will backfill the money. Then there should be nothing stopping SBA from moving forward with loans as they were created.

Chambers and other c6s are currently out. Still working on it. Working legislative language. Recognize that it will require some type of limitations. The concern is that a certain amount of money will go to lobbying. This seems to be the hold up. Working to eliminate paychecks to the employees who lobby to help move along.

PPP money is still there.

PPP did open up today for self employed and IC. There is a sizable number of ICs (23million). Loan amount for IC is roughly under 21k. Likely to see low dollar loans. We continue to hear that some businesses have navigated and are getting money. Current bottleneck is the process of the banks/institutions – e-trans system is a manual submission of loan for unique loan ID number. They must have that before they can do the forms with the borrower. This is the current major bottleneck of this process. We do expect backlog to increase.

Federal Reserve announced that “Main Street Lending Programs” a way of encouraging banks and FI to make loans. Bank makes loan to eligible business and the borrower agrees to minimal conditions on stock buyback and executive compensation. If the bank makes the loan - they can sell it to the federal reserve. They are able to make more loans. It is under a 5 day comment period before it goes live.

Chambers “return to work” – memo will come to us soon that walks through issues that have to be resolved to enable a gradual return to work and/or continued social distancing and testing. Are we requiring “clean bill of health?” Much must be considered regarding vulnerable populations. Personal Protective Equipment. They are working toward identifying issues and working on solutions. What other potential problems can be posed when returning to work.

Questions and Answers

No guidance before the loans opened up today for sole proprietors and Independent contractors (ICs).

Unemployment – expanded unemployment – feds pick up 100% of that expanded amount. However there is a broader base of unemployment that can use all the states funds. This will continue to be discussed about potential backfills.

Sole Proprietor Cap on loans – by following statutes it appears to be limited to 100k in annual wages. Take two and half months and that is about 21k.

US Chamber – keeping track of the closing of the C6s – some are closing doors and can't make it. This is a long wait for funds. 4-6 weeks wait time. There is no formal tracking of how many c6s are closing down.

C6 Exclusion was not an oversight. There were a number of “excuses” given. Lobbying does seem to be the one that is holding them up currently.

PPP Loans Funding – concerns about deadline to use the money. 8 weeks begins upon the disbursement of the loan. Bank can hold disbursement for 10 days. Once the clock starts, what matters is the amount of money you spend during those 8 weeks on employees rent utilities debt. You do have to bring them back to maximize payroll payment for max of loan forgiveness. You must restore headcount by June 30. Max loan will be reduced based on the reduction of headcount. No exception for shelter in place orders. The goal is for you to pay employees.

IC with Employees – If an IC has employees – then it is as an Employer (w2 wage employees) if each is an IC, then each IC has to apply for their own PPP as their own independent contract.