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Dear Clients,

As a follow up to last week's letter, we're keeping you updated on the latest developments from the passage of the stimulus bill and the lending and grants rolled out by the Small Business Administration.

There will be two main programs that will be available to businesses who have been affected by the COVID-19 pandemic. We have left information for businesses of over 500 employees out of this email, if you'd like information about those programs, contact us.

To qualify for either or both of the below loans:

- All business under 500 employees qualify (this includes sole proprietors and independent contractors)
- Note: these loans are not counted as part of your gross income for income tax purposes.

#### **Economic Injury Disaster Loan (EIDL)**

- Limit is \$2 Million
  - **This week the SBA has streamlined the application process to request the 10k advance which should fund in 3-4 days from application.**
  - Even if your EIDL loan is not approved, you can still retain the 10k as a grant (loan would be forgiven).
  - To apply for this loan, go to: [www.sba.gov](http://www.sba.gov)
  - This application has been greatly streamlined and is pretty straightforward.
  - All personal guarantees have been removed up to \$200,000.
  - If you would like to handle the application, we are happy to do so, but will charge our hourly partner rate.
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## Payroll Protection Plan (PPP)

- Limit is \$10 Million
- Will be funded through your banking or SBA approved lenders. We can use your current bank for ease of funding or we can refer you to a lender.
- SBA guidance has stated that banks may begin taking applications by this Friday, April 3, 2020 (<https://www.sba.gov/funding-programs/loans/paycheck-protection-program-ppp>)
- We've been in touch with our colleagues in the business banking community and have requested to have applications forms sent to us when they are available (some banks have begun to released and others have not).
- **PPP will allow you to request a loan of 2.5x your average monthly payroll (12 month).**
- After funding, you will have 8 weeks to use those funds, and they can be used for: Payroll, payroll taxes, health benefits, employee retirement obligations, rent/lease payments, utilities, and interest on debt obligations taken on February 15, 2020.
- If you've laid off or furloughed employees, you will not be penalized as long as you bring back payroll to its prior levels by June 30, 2020. (Employees laid off or furloughed between February 15, 2020 or 30 days after funding of this loan will not negatively affect your ability to apply for forgiveness as long as they are brought back to prior levels by June 30, 2020.
- MAKE SURE you save all documentation of how these funds were used so you can supply them to your bank to request forgiveness of this loan (we can assist with this process)
- All amounts forgiven will not be included in gross income, this eliminates the tax consequence.
- All personal guarantees have been removed.
- You can refinance your EIDL loan into this PPP loan

There are several other aspects of the stimulus bill such as the tax credits, unemployment benefits, etc. However, the SBA loans are time sensitive, so wanted to make you aware of that now and will provide further information on the personal implications in the coming weeks.

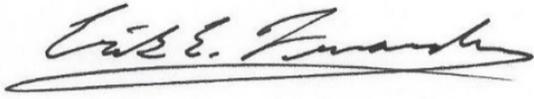
If you have any additional questions, please feel free to reach out and we're happy to assist in completing any of these applications for your businesses. Again, this is time sensitive, if you need assistance please contact us as soon as possible.

This letter was specifically focused on the SBA Business lending options of the bill due to their time sensitive nature. We will follow up with information on the personal tax changes in future letters.

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As further details develop, we'll be sure to keep you updated.

Sincerely,

Handwritten signature of Erik Fernandez in black ink, featuring a prominent horizontal underline.

Erik Fernandez  
Founding Partner  
Compass Accounting, LLP

Handwritten signature of Mario Franqui Jr. in black ink, written in a cursive style.

Mario Franqui Jr.  
Founding Partner  
Compass Accounting, LLP