



Financial Assistance Programs Guide **COVID-19**



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Binational Chambers of Commerce
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Introduction and scope of this document

The purpose of this document is to provide a quick and simple guide to identify and describe the main programs to help individuals and businesses stemming from the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") published on March 27th, 2020 as a result of the crisis generated by COVID-19.

The following programs previously existed and continue to exist:

- Small Business Administration ("SBA") and SBA Loans
- Disaster Loans (Federal and State)
- Retirement Plan Loans & Hardship Withdrawals (401(k), 403(b), etc.)

While these are easily accessible, the following programs introduced by the CARES Act provide better terms, more flexibility, and ease of access:

- Paycheck Protection Program ("PPP")
- COVID-19 Economic Injury Disaster Loan & Emergency Advance ("EIDL")
- Retirement Plan COVID-19 Loans & Distributions

As a service to the members of the Binational Chambers and the Federation, the President of the Chile-US Chamber of Commerce, **Mr. Alejandro M. Jerez** (author), the President of the Federation Binational Chambers of Commerce in the USA, **Mr. Patricio Sepulveda**, President and Vice President of CAMACOL, **Mr. Joe Chi** and **Mr. Italo Torrese**, and President of the Argentine American Chamber, **Mr. Roberto Macho** (co-authors), have developed this Guide to help identify and apply for the main financial assistance programs that arise and are available through the CARES Act.

A special thanks to Mr. Jose Barletta who has developed the graphic and digital version of the Guide.

The included guide was prepared by subject matter experts and consists of guidance for those individuals and businesses looking to understand the implications of each of the available programs intended to mitigate the effects of COVID-19. The document does not attempt to be exhaustive and consequently we suggest consulting with a tax or legal adviser that can evaluate your personal situation. The "Financial Assistance Programs Guide – COVID-19" is a neutral and impartial document, which does not recommend any particular lender or broker.

As of this update (April 27th, 2020):

- A second round of funds has been approved on April 23rd, 2020 for the PPP and EIDL, in the amounts of \$310 billion and \$60 billion. As of April 27th, 2020, one may apply for the PPP again. The EIDL program is not allowing new applications currently. The initial funds allocated for the PPP and EIDL programs of \$350 billion reached capacity.
- Funds for the Florida Small Business Emergency Bridge Loan have been depleted and the program closed on April 14th, 2020. It is unclear whether there will be a second round of funding.

On-going updates to the Guide can be found at www.chileus.org. It will also be available on the page for the Federation, but it is currently under construction.

For inquiries about the Guide and its contents, please contact Alejandro M. Jerez by phone at (305) 570-1816 or by e-mail at A.Jerez@chileus.org.





CARES Act

Part 1: **Small Business Loans**

Part 2: **Benefits to Individuals**

Part 3: **Retirement Plan Changes**

1 Small Business Loans

The CARES Act expands the programs available to businesses and provides additional help for those with existing SBA loans.

Paycheck Protection Program (“PPP”)

This program establishes \$350 billion in loans for small businesses to help keep their employees and payroll. Businesses with fewer than 500 employees may be eligible (with an exception for the accommodation and food services sector per physical location), as are sole proprietors, independent contractors, and those regularly self-employed. Organizations such as 501(c)(3), 501(c)(19), and Tribal businesses are also eligible.

A personal guarantee and collateral are not required, but one must certify in good faith that the loan is necessary due to current economic conditions, will be used to maintain employees and payroll, and no pending loan application exists nor has a loan amount been received that duplicates the purpose and amounts requested for this loan.

The maximum amount is \$10 million, and if more than 75% of the funds are used to maintain payroll this loan can be forgiven (no more than 25% can be used for mortgages, rents, and utilities).

The available amount is calculated using the monthly payroll average (with a maximum annual salary of \$100,000

per person) and local taxes, plus the cost of other benefits offered such as health insurance and retirement plan contributions, multiplied by 2.5.

The current interest rate is 1% and with a term of 2 years, with a maximum rate of 4%. The first payment can be deferred for six months.

You may apply directly with an SBA approved lender, such as your local or preferred bank. The following documents are generally required (confirm with your bank as these requirements may vary):

- Paycheck Protection Program Application
- 2019 Quarterly 940, 941, and/or 944 Forms
- Payroll summary with details of the last twelve months
- Documentation of health insurance costs and retirement plan contributions
- 2019 Income Tax returns and/or financial statements

Economic Injury Disaster Loan & Emergency Advance (“EIDL”)

This program is more general than the PPP and may help cover immediate needs caused by falling revenues and other economic impacts. Businesses with fewer than 500 employees are eligible, as are sole proprietors, independent contractors, and those regularly self-employed. Most private non-profits are also eligible.



Personal guarantees are required when requesting amounts greater than \$200,000. Collateral is required when requesting amounts greater than \$25,000, and a general business asset will be used instead of real estate.

The maximum amount is \$2 million. The first \$10,000 is considered an emergency advance and does not have to be repaid (considered a grant). The interest rate is 3.75%, and 2.75% for non-profit organizations, with a term of 30 years. The first payment can be deferred for one year.

If approved for a loan under PPP, the amount forgivable under the PPP will be reduced by the amount of the EIDL Emergency Advance (the first \$10,000) as it does not have to be repaid.

You may apply directly with the SBA at [covid19relief.sba.gov](https://www.covid19relief.sba.gov). The borrower must allow the SBA to review its tax returns.

SBA Express Bridge Loan

This program may help businesses that need immediate funding by providing a bridge loan while waiting to be approved for an EIDL loan.

Businesses that currently have an existing relationship with an SBA Express Lender may apply directly.

The maximum amount is \$25,000 and is to be repaid in full or in part with the proceeds from the EIDL loan.

SBA Debt Relief

This program may help those who currently have an SBA loan (not including PPP) and may not be able to continue making payments during this time of crisis.

The program authorizes the SBA to pay principal, interest, and fees of current SBA 7(a), 504, and microloans for a period of six months, as well as for new loans issued prior to September 27th, 2020. The SBA recommends contacting your Loan Servicing Office (Birmingham or El Paso) directly for more information.



Benefits to Individuals

The following points include changes to existing provisions as well as new provisions that seek to help individuals and families with their financial situation and provide additional flexibility.

Tax Filing Deadline

The deadline for filing and paying 2019 taxes has been officially extended until July 15th, 2020.

Economic Impact Payment

The CARES Act includes an Economic Impact Payment for individuals and families that are U.S. citizens and residents who qualify based on their income. This is a new tax credit advance for 2020, based on 2019 or 2018 Adjusted Gross Income. The credit amount is \$1,200 per adult and \$500 per dependent under the age of 17.

To receive the full amount, a single filer must have earned less than \$75,000, a married couple less than \$150,000, and a Head of Household less than \$112,500. The credit is reduced \$50 for every additional \$1,000 above these amounts.

This credit will be automatically received if one has filed their 2018 and/or 2019 taxes and included their bank information on the return. If the bank information was not included, a check will be mailed unless one requests Direct Deposit.

For those who haven't received their credit, the following page may provide more information:

www.irs.gov/coronavirus/get-my-payment

For those who do not file taxes because they earned less than \$12,200 (\$24,400 for a couple) in 2019 or for other reasons, the following page may be used to provide banking information:

www.irs.gov/coronavirus/non-filers-enter-payment-info-here

Unemployment Benefits

The CARES Act extends the definition of those who may qualify for unemployment benefits because of COVID-19's impact on the economy. Additionally, the benefit amount is increased by \$600 per week for up to four months.

To apply and for more information, visit Florida's page:

connect.myflorida.com

Many have experienced issues with the page, and for this reason some vendors such as UPS and FedEx are helping to process and mail applications. Call ahead to confirm that they are offering this service.

Student Loans

The CARES Act is temporarily suspending monthly payments for student loans. This is automatically done for Federal loans, and they will be suspended until September 30th, 2020. During this time, the interest rate will be 0% and loans will not accrue interest. This does not apply to private loans.

If you made a payment on or after March 13th, 2020, you may contact your provider to request a refund.



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Retirement Plan Changes

The CARES Act includes assistance to those who participate in retirement plans offered by their employers (401(k), 403(b), etc.). Generally, one has the option to obtain a loan from their account with a limit of 50% of the account, up to a maximum of \$50,000. In addition, there is the possibility of a Hardship Distribution where one must prove an immediate emergency need for these funds using criteria determined by the Internal Revenue Service.

Due to COVID-19, there are now options for “Coronavirus-related” loans and distributions of funds under new rules. The retirement plan administrator may add these new provisions to provide employees with additional help and flexibility. Once the new provisions are added, one only must certify that they qualify for a loan or distribution because:

- they have been diagnosed with COVID-19
- a spouse/partner or dependent has been diagnosed with COVID-19
- they have been financially affected by COVID-19 due to reduced hours, job loss, not being able to work to care for their children at home, etc.

A loan under these new provisions allows the ability to request 100% of the account balance, up to a maximum of \$100,000. Additionally, one may defer a payment that is due between March 27th to December 31st, 2020 for one year. Existing loans may also be deferred in this way. Interest continues to accrue on the loans under this provision.

“Coronavirus-related” distributions offer a maximum of \$100,000 of the account balance. The 10% penalty for those under 59 ½ years old does not apply, and the 20% tax withholding amount also does not apply. One may pay the tax on the distribution pro-rated over three years and has the option to repay the funds in full or in part to the account within three years to not pay taxes and stay invested in the account for retirement.

Finally, the Required Minimum Distribution that applies to retirement accounts (including IRAs) for those over 72 years of age is suspended for 2020..





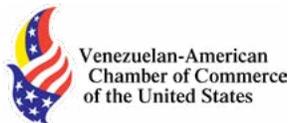
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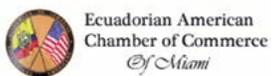
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