



From The Desk of:
Austin E. Thompson, Jr., MBA, MPM
CEO & Principal Consultant
www.tmconsultingllc.com
Email: austin@tmconsultingllc.com
(404) 587-3949/Office

CORONAVIRUS STIMULUS PACKAGE AND PAYCHECK PROTECTION PROGRAM (CARES ACT) – SMALL BUSINESS RELIEF

In this time of economic crisis due to the coronavirus (COVID-19), the United States Congress took bold action to help its 30 million small businesses with the passing of the Coronavirus Stimulus Package and Paycheck Protection Program “CARES Act”. H.R. 748, totaling \$2.2 trillion, which passed initially in the Senate, eventually passing in the House before it was taken to President Trump for his signature to officially become law.

The CARES Act is a 179% increase (2.8x higher) from President Obama’s stimulus package, the Economic Recovery and Reinvestment Act (ARRA) of 2009, which added \$787 billion to the national deficit to help jump start the economy during the last economic recession. While ARRA allocated \$54 billion for small businesses, the CARES Act has allocated \$377 billion in crisis loans to small businesses, a 598% difference or (7x higher). Both are significant in stimulating the economic engine and helping small businesses to increase liquidity, nonetheless.

Important to this bill is the inclusion of financial assistance to Sole Proprietors and the nation’s solo/gig economy workers or freelancers, those individuals filing a 1099 Independent Contractor tax form. So, relief will also go to entrepreneurs who do not have employees.

Information below from various researched sources summarizes the CARES Act for small businesses and will only focus on the part of the bill in respect to its impact on small businesses. Please use this information in addition to performing your own independent research.

1. Small business owners can access \$377 billion in guaranteed loans to help increase liquidity in their business. \$349 billion, as part of the Paycheck Protection Program (PPP), is solely for employee payroll. This is funding to be used to pay your employee’s salaries. Employees **MUST** be retained and paid as a requirement.
2. A small business can access up to \$10 million in loans. Loan amounts and terms depend on your eligibility, which is determined by the bank.
3. ***From the Chicago Tribune on Gig Contractors:*** “The bill would create a temporary Pandemic Unemployment Assistance program to cover many workers not traditionally eligible for unemployment benefits, including self-employed people, contractors, and those with limited work history. That program will last through December 31.”



From The Desk of:
Austin E. Thompson, Jr., MBA, MPM
CEO & Principal Consultant
www.tmconsultingllc.com
Email: austin@tmconsultingllc.com
(404) 587-3949/Office

4. Loans are **forgiven** only if used for the following:
 - a. Small businesses **do not** lay off employees (PPP)
 - b. If employees were laid off, they must be rehired
 - c. Utilities, rent, supplies, and insurance
 - d. 75% of the loan **must** be used for payroll, paid out for 8 weeks. 25% used for non-payroll costs (i.e. utilities, rent, supplies) over the same period

The objective is to provide small business owners with working capital to keep their businesses operating. Your loan will be “forgiven” if you adhere to the requirements above. **Do not** use your loan disbursement for anything else other than the stated requirements. If you do, the portion of your loan used for non-required items will become repayable. **Do not** try to beat the system.

5. Source of the loans – SBA (7A) Preferred Lenders, Banks, and Credit Unions. **See links on Page 3.**
6. How is the loan forgivable? How is it that I do not have to pay this loan back? The banks lend you the money and the U.S. Treasury reimburses the banks, who make the loan payments to you (the small business owner). For this reason, a forgiven loan does not have to be paid back to the bank lending you the money, as long as you follow strict guidelines (see #4 above). The U.S. Department of Treasury guarantees the loan.
7. Unlike the Economic Injury Disaster Loans (EIDL), which are dispensed solely by the Small Business Administration (SBA), these loans are dispensed directly through local banks. You can go to the bank in which you have a relationship already established for your business and apply for the loan. If you do not have a business account, go to a participating bank. **See links on Page 3.**

Fox Business News reporting with Steve Mnuchin, Secretary of the Treasury “The banks lending the money would be reimbursed by the Treasury Department, which is receiving \$377 billion to fund the program. The program does come with some restrictions. Businesses that have recently laid off workers would be required to repay a larger portion of their loans, and loans covering salaries of more than \$100,000 a year wouldn't qualify for forgiveness. Businesses would not have to repay loans covering up to eight weeks' worth of payroll costs.” Listen to a very important interview with the Treasury Secretary [CLICK HERE](#).

8. **Consumer Spending Potential:** As American individuals and couples receive stimulus payouts (\$1,200 for an individual making up to \$75K a year, \$2,400 for a couple making up to \$150K, and \$500 per child up to 17) , as well as money for unemployment



From The Desk of:
Austin E. Thompson, Jr., MBA, MPM
CEO & Principal Consultant
www.tmconsultingllc.com
Email: austin@tmconsultingllc.com
(404) 587-3949/Office

insurance payments, deferred interest on student loans, and delayed student loan payments, there will be some discretionary income in the marketplace for spending, which is advantageous to the nation's small business owners.

9. Be cautious in seeking assistance. People are taking advantage of those who are desperate. Don't be desperate and get scammed. Do your research and go directly to a bank for assistance. Learn more on how to report COVID-19 scams by [CLICKING HERE](#).

General Recommendations:

1. Contact a bank immediately. As banks are observing social distancing, walking into a branch may be limited. Check online, call the general number provided, and ask to be transferred to a representative handling the coronavirus loan process.
2. Inquire about requirements and steps to take. You wish to know exactly what is needed to complete the loan process.
3. Follow all requirements and recommendations from the bank to secure your loan.
4. The Loans were supposed to be set up for dispensing by Friday, April 3, 2020. However, the banking systems may be delayed, to ensure the highest level of efficiency in the lending process. So, contact either the bank where you have a business account or personal account, or any lending institution participating in the Paycheck Protection Program (PPP). You must reference the "Paycheck Protection Program" in your inquiry.

To get all the specific information you need on the PPP (i.e. application, who is eligible, requirements, criteria, eligibility, types of businesses, etc.), please access the links below:

U.S. Department of Treasury Detailed PPP Information – [CLICK HERE](#)

Small Business Administration (SBA) PPP Information – [CLICK HERE](#)

Wells Fargo – [CLICK HERE](#)

Bank of America – [CLICK HERE](#)

Citizens Trust Bank – [CLICK HERE](#)

PNC Bank – [CLICK HERE](#)

Truist (formerly BB&T and SunTrust) – [CLICK HERE](#)

List of SBA 7(a) Lenders – You have to call and see who is participating – [CLICK HERE](#)

Hopefully, these links will help direct you to regaining traction in your business operations. Please research and apply as soon as possible. Many businesses are taking advantage.



*From The Desk of:
Austin E. Thompson, Jr., MBA, MPM
CEO & Principal Consultant
www.tmconsultingllc.com
Email: austin@tmconsultingllc.com
(404) 587-3949/Office*

Thompson Management Consulting, LLC does not act on behalf of the SBA or any government entity. We work and collaborate with others to educate stakeholders in our small business ecosystem. We wish only to serve as a bridge, connecting business owners to resources. Hopefully, we made this document concise and informative enough for you.

Additional information will be updated as it becomes available. We sincerely wish you all the best in your application process. Our small businesses are very important to us and to this economy. You are a vital part of our economic engine.

Contact us with any general question or for further direction at info@tmconsultingllc.com if needed.