

Welcome

In this session, Cooper Levenson attorneys will discuss:

- Paycheck Protection/Loan Forgiveness
- SBA Economic Injury Disaster Loans
- Mainstreet Programs
- NJ EDA grants/loans



PAYCHECK PROTECTION PROGRAM (PPP)

\$310 BILLION ADDED

- The PPP is part of the federal CARES Act enacted on March 27, 2020 that allows businesses with up to 500 employees to borrow 2.5 months of payroll costs. The loan does not need to be repaid if the loan is used to pay for payroll, rent/mortgage interest, and utilities.
- Applications for the PPP opened for small businesses on April 3, 2020, and for independent contractors and self-employed on April 10, 2020. The initial funding for PPP was \$350 Billion.
- The PPP funds were depleted in less than two weeks.
- On April 23, 2020, the new stimulus package added \$310 Billion to fund the PPP.
- New applications were being accepted on Monday April 27. The SBA limited applications to small lenders until midnight on Wednesday April 29. As of 5:00 p.m. on Wednesday, 5,300 lenders originated 960,000 loans worth nearly \$60 billion, according to Reuters.
- NOTE: On Wednesday April 29 US Treasury Secretary Steven Mnuchen stated that at the moment there has been no discussion about refunding the PPP

*Programs subject to change

ECONOMIC INJURY DISASTER RELIEF LOANS

\$10 BILLION ADDED

- Applications for EIDLs began as soon as the President declared a national disaster on March 13, 2020.
- Initial funding through the CARES Act for the EIDLs was \$10 Billion.
- Small Business Administration's EIDLs are low-interest loans for small business of less than 500 employees.
- CARES Act added a new Emergency Grant (or "Loan Advance") of up to \$10,000 that does not need to be repaid (if the entity also applies for the PPP the forgiven amount is reduced by the amount of the EIDL Loan Advance).
- The EIDL funds were depleted within two weeks.
- On April 23, the new stimulus package apportioned an additional \$10 Billion for EIDLs.
- SBA is now processing previously-submitted applications; no new applications yet.

*Programs subject to change

MAIN STREET LENDING PROGRAM

\$600 BILLION AUTHORIZED BY CARES ACT

- Expected launch early May – through Fed Reserve
- Main Street Expanded Loan Facility – pre-existing loans originating prior to April 8 are “upsized”
- Main Street New Loan Facility – after April 8
- Borrower: up to 10,000 employees or up to \$2.5 billion in 2019 revenues
- For New Loans:
 - \$25 million max (if less than another calculation based on EBITDA)
 - Unsecured
- For “upsized tranche” loans (pre-existing under Main St. Expanded Loan)
 - \$150 million max (if less than another calculation based on EBITDA or debt)
 - Secured on a pro rata basis
- Both new and upsized loans:
 - Minimum loan size \$1 million
 - 4 year term
 - Deferred payment of principal and interest for one year
 - Adjustable rate (SOFR - 250-400 basis points)
 - No penalty for prepayment
- Choose only on Main Street loan
- PPP recipients can qualify for MSL
- Use of loan proceeds: must make reasonable efforts to use loan proceeds for payroll and employee retention.

*Programs subject to change

NEW JERSEY EMERGENCY ASSISTANCE GRANT PROGRAM

- \$2 Million added for Atlantic County
- The NJ-EDA Grant Program provides up to \$5,000 in grants for small business that employ between 1 and 10 Full-Time or Full-Time Equivalent employees, but not home-based business.
- Grant applications went live on April 3, 2020, but the funds were depleted within one hour.
- On April 7, 2020, the Casino Reinvestment Development Authority announced it would provide additional funding.
- CRDA's additional \$2 million is for Atlantic County small businesses that were unable to receive grants before the funds were depleted.
- The additional CRDA funding will be applied to previously-submitted applications.

NEW JERSEY EMERGENCY ASSISTANT LOAN PROGRAM

- Refunding TBD
- The NJ-EDA Loan Program provides zero-interest loans of up to \$100,000. up to \$5,000 in grants for small business that employ between 1 and 10 Full-Time or Full-Time Equivalent employees, but not home-based business.
- Loan applications went live on April 13, 2020, but the funds were depleted within about one hour
- This program has not received new funding yet – check back later.



Jennifer B. Barr

jbarr@cooperlevenson.com

609.572.7410



Nicholas F. Talvacchia

ntalvacchia@cooperlevenson.com

609.572.7544



Eric Browndorf

ebrowndorf@cooperlevenson.com

609-572-7538

Q & A

COOPER LEVENSON
ATTORNEYS AT LAW

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