

EXCELLENCE IN THE COMMUNITY

NOTES FOR APRIL 4, 2020 COVID19 DISCUSSION

4-4-20 WITH MICHAEL TOBIAN OF UTAH LIVE BANDS

Note: Michael Tobian is not an attorney or an accountant and he suggest reaching out to one if you need legal or accounting advice

EIDLs (Emergency Injury Disaster Loans)

- These loans are available for through the SBA for businesses affected by disasters. COVID19 has been an approved disaster for all counties in Utah.

Apply Directly through the SBA www.SBA.gov/disaster

- No loan fees, guarantee fees or prepayment fees
- When you go there, make sure to apply for “Economic Injury” not “physical damage due to another disaster”. You will select your geographical location and select the option that indicates the disaster is for COVID19

The EIDLs expanded provisions for COVID19 include:

- EIDLs can be **approved by the SBA based solely on an applicant’s credit score** (not repayment ability and no tax return is required). Mr. Contreras specified that a prior bankruptcy doesn’t disqualify you.
- EIDLs smaller than \$200,000 can be approved **without a personal guarantee**. They are also **not requiring real estate as collateral** and will take a general security interest in business property.
- Borrowers can receive **\$10,000 in an emergency grant cash advance that can be forgiven** if spent on paid leave, maintaining payroll, increased costs due to supply chain disruption, mortgage or lease payments or repaying obligations that cannot be met due to revenue loss.
- It expands access to sole proprietors or independent contractors, as well as tribal businesses, cooperatives, and ESOPs with fewer than 500 employees and all non-profits including 501(c)(6)s.

You can have a corporation, LLC or simply be a sole proprietor You have to have been in business by January 31, 2020

More info found at www.SBA.gov/coronavirus

The system is extremely overloaded so just keep trying

Payroll Protection Program Loan Guarantee:

- Offered to small businesses with fewer than 500 employees, select types of business with fewer than 1,500 employees, 501(c)(3) non-profits with fewer than 500 workers and some 501(C)(19) veteran organization (have to be in operation before February 15, 2020)
- Self-employed, sole proprietors, freelance and gig economy workers are also eligible to apply (again, you have to be in operation before February 15, 2020).
- Loans are given up to a maximum of the lesser of \$10 million, or **2.5 times the average monthly payroll costs** - including wages for employees making under \$100,000, as well as expenses for paid sick leave, healthcare and other benefits - during the 1-year period before the date on which the loan was made.
- The maximum interest rate under this program is 4%
- The loan term is up to 10 years
- **No personal guarantee or collateral is required for the loan**
- Payments are deferred up to six to 12 months
- Part of this loan may be forgiven and not counted as income to you, if it's spent during the first eight weeks on operating expenses.

As with the \$10,000 advance in EDILs, loan forgiveness provisions are generous. Loans are forgiven when the proceeds are used for any of these costs:

- Payroll costs, excluding prorated amounts for individuals with compensation greater than \$100,000
- Rent pursuant to a lease in force before February 15, 2020
- Electricity, gas, water, transportation, telephone, or internet access expenses for services which began before February 15, 2020
- Group health insurance premiums and other healthcare costs.

Be careful here. **In order for the amounts to be forgiven, you must maintain the same average number of employees for the first eight-week period** beginning on the origination date of the loan as you did from February 15, 2019 - June 30, 2019 or from January 1, 2020 until February 15, 2020. If you don't meet this

requirement, the amount forgiven is reduced. You incur additional reductions if you cut compensation for employees who make under \$100,000 by more than 25%, as compared to the most recent quarter. (The US Chamber of Commerce offers a step-by-step [calculation here](#)).

And of course there's an exception to the exception: you won't be penalized for a reduction in employment or wages during the period from February 15, 2020 to April 26, 2020, if you rehire employees that you previously laid off or restore any decreases in wages or salaries by June 30, 2020.

Stimulus Checks:

Single Individuals Making

IRS will be sending stimulus checks via direct deposit based on your information from last year's tax return. They are saying it will happen ASAP but many people are skeptical and thing it will take a while Nothing you have to do to get this if you qualify. It will just arrive.

Collecting Unemployment:

The Federal Government will be supplementing unemployment payouts in certain situations up to \$600 per week in additional funds. If you have been laid off, workforce services recommends you file for unemployment. According to CARES act, gig workers and 1099 contractors will be able to collect unemployment; however, at this time there is a lot of miscommunication between the federal government and workforce services. I understand they expect to be up and running with the independent contractor aspect of this on Tuesday April 7th, 2020

This is an email I sent to Workforce Services with 3 questions I had. Answers they gave are below each question:

Hello,

I have 3 questions that aren't found anywhere on the website and when I call, it tells me the call volume is too high and I need to call later:

- If I am a gig worker that has lost all my income due to COVID 19, it is my understanding I am to file for unemployment per the stimulus being applied to gig workers as well; however, I can't apply because it asks all kinds of questions about my employer, which doesn't apply to me

-Their Answer: as of right now, the law has not changed and implemented in the system. When we know more, it will be posted on our website.

- When I do gigs, my LLC is paid so the 1099s go to my LLC. how do I show how much income has been lost?

- we do not know that as of yet , you can try this tool:

<https://jobs.utah.gov/ui/home/Home/UiEligible>

- *Can I/Should I apply for unemployment based on the Salary I give myself in my business (Owner's Compensation?)*

Answer: check the above tool. it will be based on the income reported to the IRS

Mortgage Forbearance

If you are a homeowner, call your mortgage company. You may be able to get them to defer payments for up to a year. They are required to do this if they are a government loan (USDA, FHA, VA) or a loan backed by Fannie May or Freddie Mac. Your credit won't be dinged and in some cases, interest won't accrue. Even if your mortgage company isn't under this program, most are putting in place programs to help

Eviction Protection

- During a 120 day eviction moratorium, your landlord may not charge you late fees, penalties or other charges for paying your rent late. HUD (department of Housing and Urban Development) has been given \$17.5 billion in funding through the CARES Act for rent assistance, housing vouchers, public housing and housing for the elderly. Contact HUD for more information

Some Cities are offering their own assistance programs. Check with the city you do business in

Utah Live Bands basics needs packages:

- We are delivering basic grocery needs packages to anyone who wants them. We don't need names, just addresses.

Utah Live Events Industry Association

- Newly formed. An association to support and lobby for the event industry. I'm the vice president. I suggest joining

- Join the facebook group for now. The non-profit was just started

<https://www.facebook.com/groups/916613515457858/>

Freelance Musician Network

- Will be formed by mid April. A resource to help freelance musicians with their careers. Subscription based; however, it is free for a period of time due to COVID19. Reach out to Michael Tobian with more information on this.