



# RELIEF LOANS: NEXT STEPS UNDER THE PPP AND OTHER FINANCIAL ASSISTANCE TO HELP YOU STAY IN BUSINESS

**MONDAY, APRIL 13 AT 2 PM PDT**

ALVARADO  
SMITH



los angeles  
latino chamber of commerce

AMERICA'S  
SBDC  
CALIFORNIA  
CALIFORNIA COUNTY BUSINESS DEVELOPMENT SERVICES

OCHCC  
ORANGE COUNTY HISPANIC CHAMBER OF COMMERCE

# OUR CO-HOSTS



- We are “La Voz” of the Latino Food Industry
- We are here to support our members guiding them through this unprecedented hard times.
- We are supporting NEW members with a FREE membership (\$250 savings).
- Follow us on Social media @ LATINO FOOD INDUSTRY ASSOCIATION
- Our web page [www.wearefia.com](http://www.wearefia.com)

# Los Angeles Latino Chamber of Commerce



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COVID19 RESPONSE

Lilly Rocha, Executive Director

A red, rectangular stamp with a double border, tilted at an angle, containing the text "COVID-19" in a bold, sans-serif font.

A red rectangular sign with a white border, hanging from a string. The word "Closed" is written in a white cursive font, and "due to CORONAVIRUS" is written in a white, bold, sans-serif font.

**LALCC:  
Providing Resource  
information to keep  
business owners  
informed**

**3/8/2020  
Creation of  
CORONAVIRUS (COVID-  
19) TOOLKIT**

## CORONAVIRUS (COVID-19) TOOLKIT

Toolkit Divided Into Following Sections:

- Health & Safety
- Community Resources
- **Small Business Support \***
- Latest News
- **Additional Financial Resources\***
- Social Media



*Audience:  
31,000+ emails  
7,236 social media followers*

**LATEST NEWS** - WE ENCOURAGE MEMBERS TO STAY UP-TO-DATE REGARDING COVID-19 AND TO TAKE ALL NECESSARY PRECAUTIONS FOR YOUR BUSINESS AND EMPLOYEES. [CLICK HERE FOR OUR CORONAVIRUS TOOLKIT FOR SMALL BUSINESS.](https://www.lalcc.org/coronavirus_toolkit)



[https://www.lalcc.org/coronavirus\\_toolkit](https://www.lalcc.org/coronavirus_toolkit)

# CORONAVIRUS (COVID-19) TOOLKIT

## Small Business Support:



- **Small Business Majority**
- **City of Los Angeles**
- **California Employment Development Department (EDD)**
- **CA Office of Small Business Advocate**
- **California Small Business Development Center (SBDC)**
- **California Infrastructure and Economic Development Bank (IBank)**
- **California Small Business Development Center (SBDC)**
- **US Small Business Administration (SBA)**



# Thank You LALCC Sponsors

## We Look Forward To Getting Back to Business Soon!



# OUR CO-HOSTS



# TODAY'S PANELISTS



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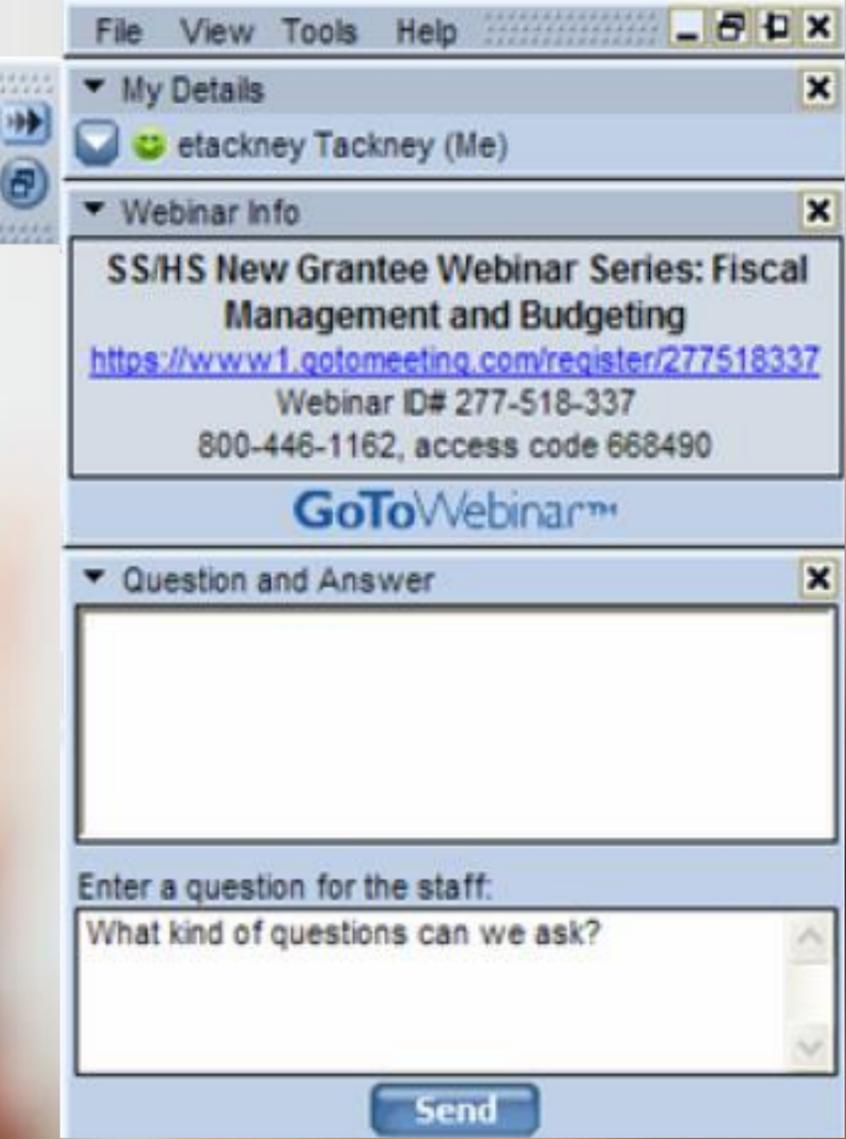
# TODAY'S PROGRAM

- Loan Forgiveness and Tax-Free Grant Option Paycheck Protection Program (PPP)
- Economic Injury Disaster Loan (EIDL)
- Newly announced Main Street Expanded Loan Facility
- Business Aid programs available at the City, County, and State levels
- Q&A

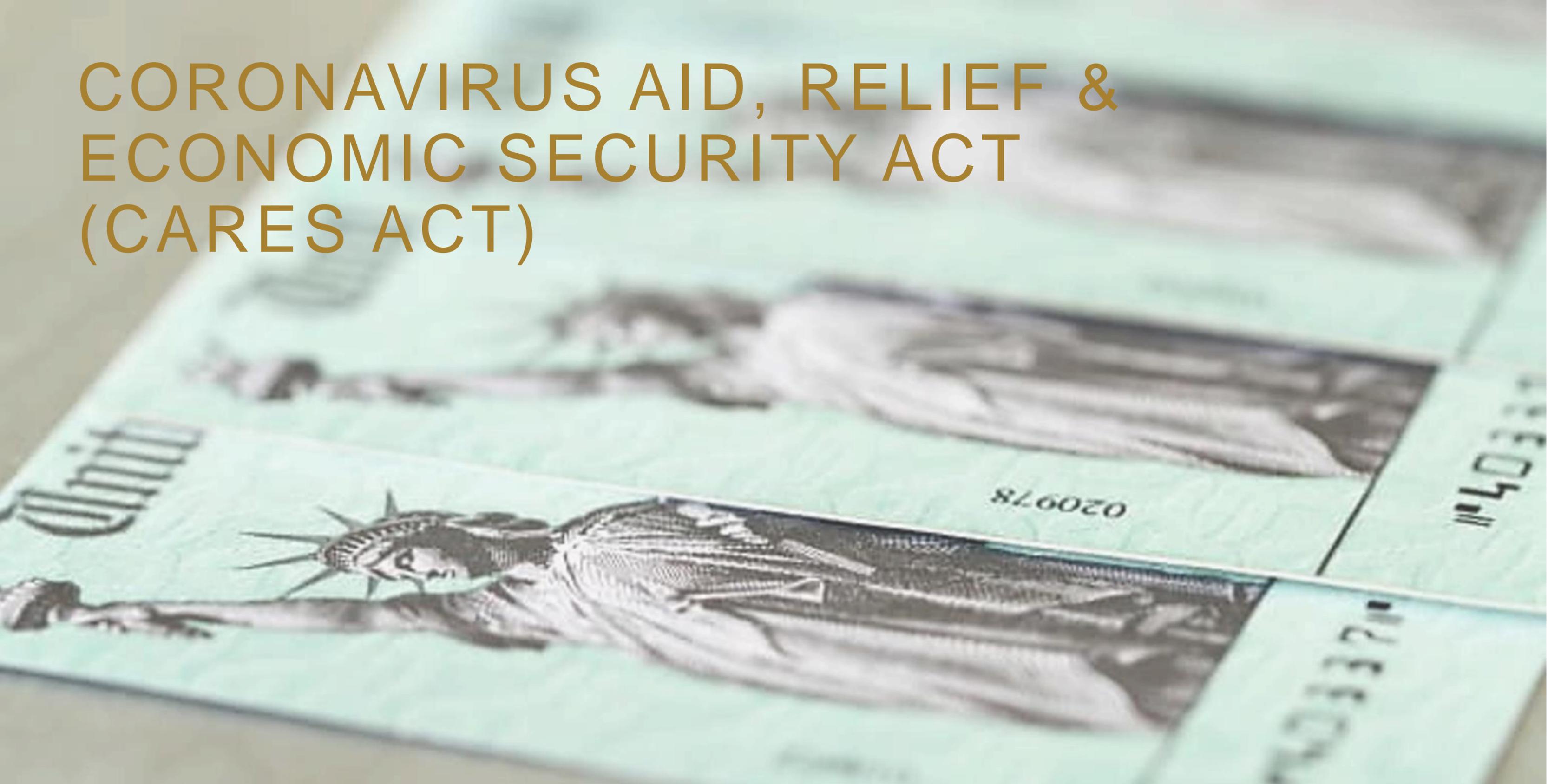


Please use the Question and Answer Box in your GoToWebinar Control Panel to submit questions to our panelists.

# AUDIENCE Q&A



# CORONAVIRUS AID, RELIEF & ECONOMIC SECURITY ACT (CARES ACT)



# Coronavirus Aid, Relief & Economic Security Act (CARES Act)

## CAVEAT

Final regulations have not been promulgated.  
As such, there are items in the Act and particularly  
the PPP that are still being interpreted.

# Coronavirus Aid, Relief, and Economic Security Act (CARES Act)

- CARES Act allocated \$349 Billion to the Payroll Protection Program (PPP).
  - Some lenders have requirements for preexisting relationships.
  - Must be a qualified small business.
  - Loans up to \$10M; based on 2.5 times average monthly payroll.
  - Funds can be used for payroll, mortgage, rent, leases, utilities.
  - Independent Contractor application process opened on Friday.
  - Funds must be spent in the 8-week period following your receipt of the PPP loan.

# PPP: Application Best Practices

- SBA approved lenders will process the PPP loans. While there is one form application, your lender may ask for different documentation (Articles/Bylaws/Operating Agreement/Minutes/Statement of Information).
- Carefully read the representations in the Application
- Calculate payroll.
- Execute promissory note (1% interest; 2-year term; no collateral)

# PPP Loan Funds... Now What?



# PPP Loan Funds...Now What?: Loan Forgiveness

- Funds must be spent in the 8 week period following funding
- Funds must be spent on payroll and allowable expenses
- February 15, 2020



# PPP Loan Funds...Now What?: Maximize the potential loan forgiveness

- Ensure that the PPP funds are used only for allowable expenses;
  - What are allowable expenses
  - 75% payroll/25% other allowable expenses
- Put funds in a segregated account.
- Maintain documentation.
- File for loan forgiveness with your lender after the 8-week period.  
Be prepared to provide all documentation to support the PPP funds were spend on allowable expenses.

# Other Tax Benefits

- Amendments to the Tax Cuts and Jobs Act
  - increased ability to deduct Net Operating Losses
  - loosened limits on business interest deduction

# Liability

- TARP Part II
- False Statements
  - "Current economic uncertainty makes this loan request necessary to support the ongoing operations of the applicant."
- False Claims Act
  - Department of Justice has already stated it will vigorously pursue FCA matters relating to COVID-19

# Liability

- Proactive Action
  - Document, document, document!
  - Stay on top of the regulations
  - Set up internal controls to make sure PPP funds are properly spent and documented

# How to obtain an EIDL Loan



# Economic Injury Disaster Loan: Overview

- Funding: Up to \$2 million
- Purpose: Payroll, fixed debts, accounts payable, other expenses that you are unable to pay directly due to the COVID-19 impact.
- Eligibility
  - Citizenship/Permanent Resident/Foreign Companies
  - Good financial standing – no current bankruptcy

# Economic Injury Disaster Loan: Application

- How to document hardship now or in the future?
- Common application questions
- 14-21 days response for next steps and algorithm SBA Form 1468
- Collateral or Personal Guaranty Limits

# Economic Injury Disaster Loan: Repayment Terms

- 30-year term
- Payment deferred for one year
- No Obligation to repay (up to \$10,000) emergency grant if requested

# Economic Injury Disaster Loan: SBDC

- Common Roadblocks
- Best for applicant to document hardship

# Other Aid & Programs



# Main Street Lending Program: Eligibility

- Up to 10,000 workers OR annual revenue less than \$2.5 billion – in 2019
- Good financial standing – no current bankruptcy
- US business - significant operations, majority employees in US

# Main Street Lending Program: Terms

- \$1 million to lesser of (i) \$25 million or (ii) new loan + existing debt + credit availability not exceed 4x earnings before EBITDA in 2019
- Originated before/on/after April 8, 2020 - increases existing loan or for new loans
- Unsecured, 4-year maturity
- Principal + interest (not greater 2% p.a.) deferred 1 year
- No loan forgiveness
- PPP borrower OK

# Main Street Lending Program: Restrictions

- Cannot pay off other loans, debts, except mandatory principal payts
- Cannot cancel other credit lines
- Losses due to COVID-19
- Reasonable Efforts to maintain payroll, retain employees during loan term
- Publicly listed companies - compensation, stock repurchase, capital distribution rules per CARES Act
- Collective bargaining agreements in place

# Main Street Lending Program: Application

- Origination fee - 100 basis points of principal
- Apply with eligible banks
- Documentation similar to PPP likely – no rules as yet
- Program starts 1-2 weeks

# LA Small Business Emergency Microloan: Eligibility

- For-profit in commercial use bldg. or non-profit - within City of LA
- 100 or less employees
- COVID-19 losses
- Best effort to continue/reestablish business, keep employees
- LA Business Tax Registration before March 01, 2020
- Principal owner - reasonable personal credit history
- Bankruptcies, debt write-offs - over 12 months old
- Collateral - case-by-case basis; Cosigners permissible
- Owner more than 20% ownership – guarantor

# LA Small Business Emergency Microloan: Terms

- Loan - \$5,000 to \$20,000
- Interest Rates:
  - 0%-18 month
  - 3%-5 years
  - 2%-5 years
- Repayment deferred
- LTV 100%
- No application fees

# LA Small Business Emergency Microloan: Application

- [EmergencyLoans@lacity.org](mailto:EmergencyLoans@lacity.org) or call 213-744-7130
- Documentation:
  - Business/Personal Tax Returns
  - Business/Personal Financial Statement
  - Bank Statements
  - Budget for Funds Requested

# California iBank Disaster Relief Loan Guarantee Program: Eligibility

- Small business 1-750 employees
- Low/moderate income communities
- Eligible Nonprofits
- COVID-19 losses

# California iBank Disaster Relief Loan Guarantee Program: Terms

- Loan guarantees up to \$1 MM or 95% of loan; Loans up to \$20 MM
- Guaranteed up to 7 years by Financial Development Corp. (FDC)
- Loan interest rates negotiated between lender and borrower
- Qualifications based on lender criteria
- Loan used for COVID-19 losses, continuance of business
- Some terms similar to EIDL Loan

# California iBank Disaster Relief Loan Guarantee Program: Application

- Apply directly with SBA or Small Business Development Center (SBDC) Lenders
  - Pacific Community Ventures
- Apply with FDCs
  - Small Business Development Corporation of Orange County
  - Pacific Coast Regional Small Business Development Corporation

# LA County Development Authority (LACDA) Business Recovery Loans: Eligibility

- Business in Unincorporated area of LA County or Community Development Block Grant Participating City
- 25 or fewer employees - as of March 19, 2020

# LA County Development Authority (LACDA) Business Recovery Loans: Terms

- Loan Amount \$20,000 max
- Interest rate - 2.44%
- 5 year term
- Principal and interest payments deferred for first 12 months
- No collateral needed

# LA County Development Authority (LACDA) Business Recovery Loans: Application

- Apply with the LACDA
  - Phone: (626) 586-1856
  - Email: [BizRecovery@lacda.org](mailto:BizRecovery@lacda.org)
  - Website: <https://smallbizla.org/>

# Legal Considerations

# AUDIENCE Q&A

# Electronic Contracts and Digital Signatures

- Must have Agreement to contract electronically – by terms in contract (electronic only) or separate agreement (paper or electronic)
- Electronic Contracts, Signatures – any technology, email, CA Secretary of State list of approved e-platforms like DocuSign, Digicert, etc.
- Electronic/Digital Signature – clearly linked to contract + intent to sign (emails)
- Capable of Retention – signer can download, save, print contract

# Electronic Contracts and Digital Signatures

- Company Best Practices:
  - Initial contracts on each page + signatures at end
  - Limit access to digital signature platform to key employees
  - Employee protocols on who can bind company, wrongly signed contracts
  - Proper IT backup and storage for contracts; Certificates of Completion
- Electronic Notarization

# Force Majeure

- Express provision in contract
  - Fully/partially excuses performance of obligations
  - Specified events occur, e.g. war, natural disasters
  - Events - unforeseen, unanticipated, beyond the control of party
  - Performance commercially impracticable or impossible
  - Notice per contract terms
  - Sufficient & Reasonable Efforts to Perform – document

# Other Legal Provisions Impacting Contracts

## Impossibility Doctrine:

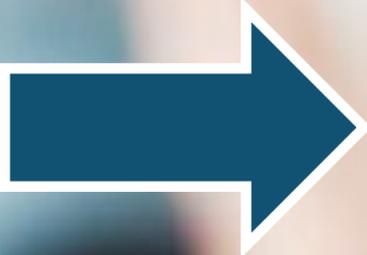
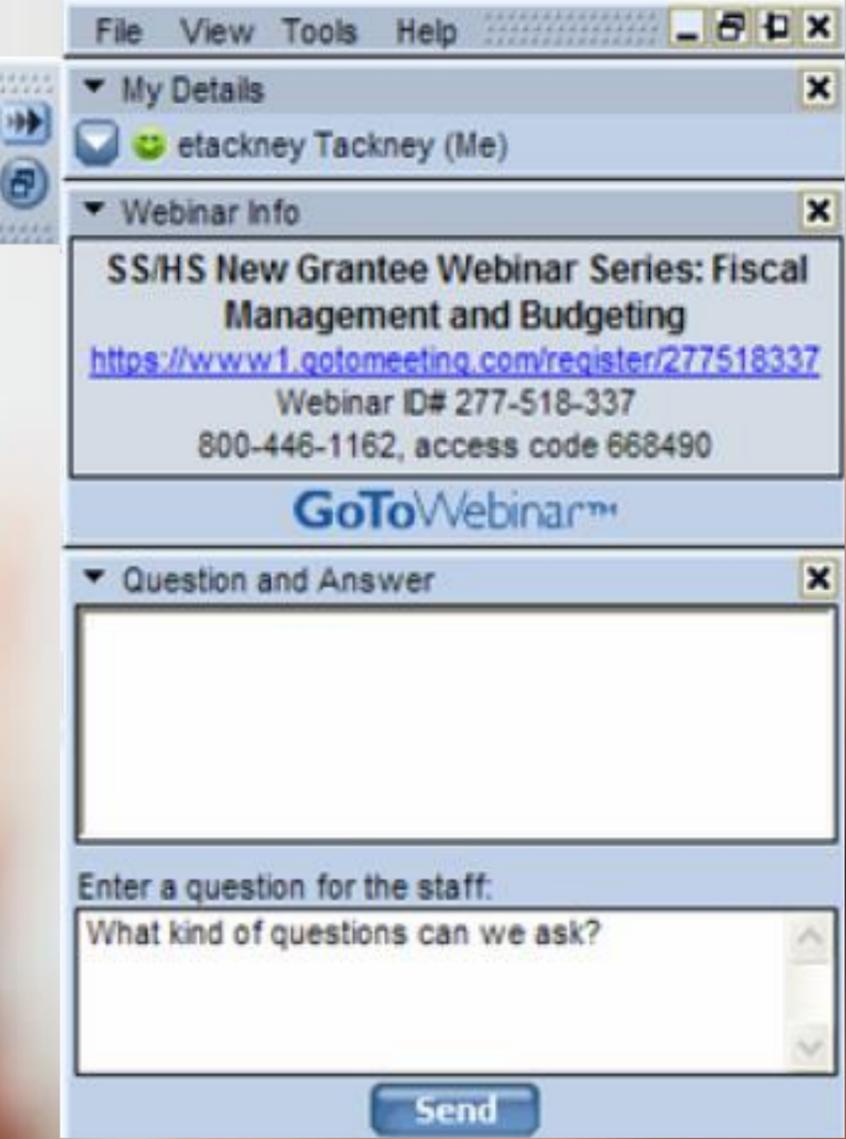
- Unforeseen events make contract performance impossible

## Frustration of Purpose Doctrine:

- Performance under contract possible but value and reason for contract destroyed by supervening unforeseen event

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# AUDIENCE Q&A



# CONTACT US



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