

CARES Act: Exclusive Webinar with U.S. Congressman Anthony Gonzalez

Phase Three Stimulus Package Discussion

Anthony Gonzalez, U.S. Congressman, 16th District of Ohio

Robert Klonk, Chairman and CEO, Oswald Companies

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Anthony Gonzalez

U.S. Congressman
16th District of Ohio

Anthony is proud to serve Northeast Ohio as a Congressman and has pledged to be a conservative problem solver and seek bipartisan solutions to America's biggest problems.



Robert Klonk

Chairman and CEO
Oswald Companies

Klonk serves as an officer and board member of the Council of Insurance Agents & Brokers (CIAB) in addition to serving as past chairman of The Council of Employee Benefits Executives in Washington D.C., and Council PAC, a Political Action Committee that serves the broker community and employers.



Scott Sinder

Chief Legal Officer, Partner
Steptoe & Johnson

Scott Sinder is Chief Legal Counsel for The Council and sits on the Board of Directors of Oswald Companies. Sinder oversees The Council's legislative and regulatory work on a wide range of issues affecting insurance agents and brokers.

**“A billion here, a billion there, pretty soon
you’re talking real money.”**

– Senator Everett Dirksen (Republican Senator for Illinois, 1951-1969)

Direct Relief – UI & Direct Checks (\$500B?)

SBA Small Business Loan/Grant Program (\$350B)

Exchange Stabilization Fund (ESF) (\$500B)

Middle Market Loan Facility

Grant Relief For Essential & Distressed Industries (\$500B)

The CARES Act: SBA Loans Defined

- SBA loans 100% federally guaranteed through December 31, 2020.
- Covered loan period February 15, 2020 through June 30, 2020.
- Loan amount tied to payroll costs incurred by the business to determine the size of the loan.
- Increases the maximum 7(a) loan amount to \$10 million through December 31, 2020
- Allowable uses include payroll support (such as employee salaries, paid sick or medical leave, insurance premiums) and mortgage, rent, and utility payments.

Eligible Businesses

- Small business, 501(c)(3) nonprofit, veteran's organization, or Tribal business with fewer than 500 employees (higher under narrow circumstances).

Important note 501(c)(3) only – possible correction to allow other non-profit entities

- Excludes nonprofit organizations who receive Medicaid reimbursements.
- Includes sole-proprietors, independent contractors, and other self-employed individuals as eligible for loans.
- Business operational on February 15, 2020 and had employees for whom it paid salaries and payroll taxes, or a paid independent contractor.

Waivers

- Waives both borrower and lender fees for participation in the Paycheck Protection Program.
- Waives the credit elsewhere test for funds provided under this program.
- Waives collateral and personal guarantee requirements under this program.

Loan Forgiveness

Loan partially or fully FORGIVABLE if certain guidelines met.

Otherwise remaining loan balance will have a maturity of not more than 10 years, and the guarantee for that portion of the loan will remain intact.

- Borrower shall be eligible for loan forgiveness equal to the amount spent during an **8-week period after the origination date of the loan:**
 - on payroll costs, interest payment on any mortgage incurred prior to February 15, 2020.
 - payment of rent on any lease in force prior to February 15, 2020.
 - payment on any utility for which service began before February 15, 2020.
- Amounts forgiven may not exceed principal amount.
- Amount forgiven reduced proportionally by any reduction in employees retained compared to prior year.
- Canceled indebtedness resulting from this section will NOT be included in the borrower's taxable income.

Individual Payments

- All U.S. residents with adjusted gross income up to \$75,000 (\$150,000 married) are eligible for the full **\$1,200** (\$2,400 married) rebate plus an additional **\$500 per child**.
 - **Includes those who have no income**, as well as those whose income comes entirely from non-taxable means-tested benefit programs, such as SSI benefits.
- No action required to receive a rebate check—IRS will use a taxpayer's 2019 or 2018 tax return.
- Amount is completely phased-out for:
 - single filers with incomes exceeding \$99,000.
 - \$146,500 for head of household filers with one child.
 - \$198,000 for joint filers with no children.

Unemployment Insurance

- Temporary **Pandemic Unemployment Assistance** through **December 31, 2020** provides payment to those not traditionally eligible for unemployment benefits: **self-employed, independent contractors, those with limited work history.**
- Payment to states to reimburse **nonprofits, government agencies, and Indian tribes** for half the costs incurred through **December 31, 2020** to pay unemployment benefits.
- **Additional \$600/week** to each recipient of unemployment insurance or Pandemic Unemployment Assistance for **up to four months.**
- **Funding to pay first week of unemployment benefits** through **December 31, 2020** for states that choose to pay recipients as soon as they become unemployed.
- **Additional 13 weeks of unemployment benefits** through **December 31, 2020** to those who remain unemployed after state unemployment benefits no longer available.

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