



Essential Business Guide for Conquering COVID-19

We are all living in unprecedented times right now. Most businesses are doing everything they can to survive this pandemic. The purpose of this guide is to educate you on the different financial programs available for your business. I will also be offering tips on how to continue to provide value to your existing clients and potential clients. This guide is broken up into 2 categories: 'Sources of Income' and 'Advice for Your Business/Personal Well-Being'.

1. SOURCES OF INCOME:

A. Unemployment (UPDATE)

Good news, the North Carolina Division of Employment Security (NC DES) are supposed to have their application system set up for accepting claims for self-employed and independent contractors around [April 25, 2020](#). Regular employed applicants can expect to receive payments starting April 17, 2020. NC Senator Jeff Jackson previously [advised](#) self-employed individuals and independent contractors in North Carolina to go ahead and apply for unemployment through North Carolina even though North Carolina's unemployment website is currently not set up for self-employed individuals to apply. NC Senator Jackson sent out the following statement via email: **"If you are self-employed or a contractor and have already filed and been denied, DES is saying that you will 'most likely need to re-apply'."** [This](#) is the link to the NCDES website.



Further clarification with potential bad news. According to the U.S. Chamber of Commerce, self-employed individuals and independent contractors are eligible for Pandemic Unemployment Assistance (PUA) through the CARES Act. The U.S. Dept of Labor issued the following statement: “An individual who works as an independent contractor with reportable income also may qualify for PUA benefits if he or she is unemployed, partially employed, or unable or unavailable to work because the COVID-19 public health emergency has severely limited his or her ability to continue performing his or her customary work activities, and has thereby forced the individual to suspend such activities” **is eligible**.

The receipt of a PPP loan **may** impact your ability to collect unemployment insurance. Although the Dept of Labor’s statement merely states “independent contractor”, the U.S. Chamber of Commerce does state that **both** self-employed individuals and independent contractors are eligible for PUA benefits.

B. Retirement Accounts (Contact your Financial Advisor)

In the ever-popular CARES Act there is a section that allows for early distributions from retirement accounts without penalties up to \$100,000. Timelines for repayment of early distributions are being extended for coronavirus related distributions. Contact your financial advisor to learn more about the specifics of retirement account distributions related to the coronavirus.

C. SBA Emergency EIDL Grant (UPDATE)

The Emergency Economic Injury Disaster Loan Grant or ‘EIDL’ Emergency Advance is a grant by the federal government through the Small Business Administration (‘SBA’). This is the advance up to \$10,000 that everyone is talking about. Note that ‘up to’ does not necessarily mean the full \$10,000, you may get less. You can apply [here](#). Businesses with 500 or less employees are eligible for the grant as are sole proprietors and independent contractors. The EIDL Emergency Advance **does not** have to be repaid if you use the money for certain business purposes such as maintaining payroll, making rent/mortgage payments, repaying obligations that cannot be met due to revenue losses, just to name a few. This is why it’s important to keep track of everything you spend this money on. Put this money into a separate bank account to make it easier for you to track. **UPDATE:** Due to the first round of CARES Act funding being exhausted, the EIDL Emergency Grant is not available. It is very likely that the EIDL Emergency Grant will not be available if/when further funding is approved by Congress.

D. SBA Paycheck Protection Program Loan (UPDATE)



The Paycheck Protection Program (PPP) loan is the other very popular SBA loan. You can borrow up to two and a half times payroll costs. Payroll costs are defined under this section of the CARES Act, but it's too exhaustive a list to put here. Self-employed individuals and independent contractors are eligible as well. Now, this loan has already gone through a couple of clarifications as the federal government pushed the CARES Act through quickly and had to clean some things up. One clarification through the [interim report](#) is that independent contractors **DO NOT** count as employees for purposes of PPP loan calculations. That means money paid to independent contractors (IC) counts as payroll for the independent contractor and not as payroll for the business owner paying the IC.

The PPP loan CAN be forgiven, but you must keep track of how you spend your money. To have your PPP loan forgiven you must spend the money on payroll and utilities within 8 weeks of the loan AND 75% of the loan must be used for payroll with the other 25% being used for rent, interest on mortgage payments, and utilities (power, gas, phones, internet, etc.). Now, the rent must be from a lease agreement signed before February 15, 2020. Interests on mortgage payment obligations must stem from the mortgage obligation entered into before February 15, 2020 as well and the utilities must have a service agreement dated prior to February 15, 2020. If you do have to pay back the PPP loan, it's not the end of the world. The interest rate is 1% and you have two years to pay it back. You can receive both the Emergency EIDL Grant and the PPP loan, that is allowed; however, you cannot use the funds for the same purpose.

UPDATE: If you received an Emergency EIDL at any point and you are an independent contractor or are self-employed, any amount of money received as an Emergency EIDL Grant will be deducted from the amount of your PPP loan. For example, if you (IC or SE) received \$5,000 as an Emergency EIDL and were eligible for a \$15,000 PPP loan, you will receive \$10,000 as a PPP loan.

E. SBA EIDL

The Economic Injury Disaster Loan (EIDL), a loan that predates COVID-19, is not being talked about as much because you must pay it back if you receive the money, but it is still a viable option. If you are seeking a loan for \$25,000 or less, you do not have to provide collateral NOR do you have to provide a personal guarantee. Currently, an EIDL loan over \$25,000 does require collateral, but only loans \$200,000 and above require a personal guarantee. The other positive about the SBA EIDL is that it is a 3.75% loan (2.75% for non-profits) with up to a 30-year term.



2. ADVICE FOR YOUR BUSINESS/PERSONAL WELL-BEING

A. Check in with your Customers, Vendors and Employees

Call your customers and vendors to see how they are doing and see if there is anything you can do for them. This is a difficult time for everyone, and a phone call goes a long way right now. Call your employees as well and reassure them that you have control over your situation. While you cannot make promises on the future, you can help ease your customers, vendors, and employees' anxieties by ensuring them you are doing everything you can to support them during this difficult time.

B. Be Creative with How You Offer Your Services/Products

You might be thinking, 'there's nothing I can do to offer my services or products'. For most business that's not true. Remember, almost anything you can do in person, you can do virtually. Personal trainer? Offer classes virtually. Reach out to existing customers and offer a couple classes for free till you work the kinks out. I have heard of hairstylists offering do-it-yourself dye kits and walking their customers through the hair dying process online. If you offer services that can't be performed virtually, like massage therapy, see about offering gift cards with no expiration date. These are just a few, of many, examples of entrepreneurs being creative to stay in the game. I love working with clients to solve their problems and would be happy to help out.

C. Stay Properly Informed About COVID-19

Listen, there is a ton of bad information out there as to how many people are infected, what the recovery rate is, how long the isolation will last, etc. Everyone is suddenly an expert on viruses, especially this one. The best thing to do is to listen to the instructions and read the information provided by the Centers for Disease Control (CDC-link [here](#)) and World Health Organization (WHO-link [here](#)). Pandemics are the reason these agencies exist. I have also found the following link to be informative as well: [here](#).

D. Be Productive with Your Time

Other than keeping up with the work that you have and applying for loans, take some time to do things you've been putting off because you've been too busy. Read up on something that you wanted to do but haven't had the time. Check out a [Ted Talk](#) or do [a virtual tour](#) of a museum. If you like to cook or are just tired of the same thing to eat, then get creative with recipes. The point is you can learn to do anything especially with the access to information that the internet provides nowadays. I, like most people, am used to staying busy and too much free time on my hands can actually stress me out, so



finding ways to keep your mind and hands busy can go a long way to getting through this pandemic with your sanity.

E. Relax

You've done what you can, you're prepared and have taken positive steps to secure your business. There's no need to get worked up now. Just breathe, relax, and enjoy time with your family. While there is some uncertainty right now, do not forget to enjoy the small things in life. Spend time with friends, virtually, and reconnect. Remember, while we are not allowed in large groups we can still go outside for walks and bike rides. It might even be a good time to meet those neighbors you've only waved at as you're driving to work or dropping the kids off at practice. If we are smart about it, we can spend time and get to know our neighbors, if we are six feet apart. Now can be the time to reflect on the small things we've taken for granted in life and re-prioritize our lives. When this is all over, we will be stronger!

If you need more information than I could not fit in this guide, including how to strategize for your business, **call me at 919-521-8810** and we'll set up a time so I can answer your questions.

Stay healthy and safe,

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