



CITY OF DORAL
Update on Passage of CARES Act or Phase III Legislation

March 30, 2020

Here at the City of Doral we are particularly conscious of the disruption to our residents and businesses caused by the COVID-19 pandemic. We are constantly monitoring the government's response to this situation and would like to take this opportunity to provide you with a summary of relevant points in the economic stimulus package, known formally as the "Coronavirus Aid, Relief and Economic Security Act" but more commonly referred to as "phase 3" (the "law"), which was signed into law on March 27, 2020.

News outlets are reporting on a second, "phase 4" stimulus bill that is likely to go through congress in April. We will continue to provide updates as information becomes available. Please note, this law is expansive, and this is a very general overview.

Payroll Protection Program (SBA Loans) & Forgiveness

Arguably, the most relevant portion of the bill provides for Small Business Administration loans to businesses with less than 500 employees. The law provides \$350,000,000,000.00 be set aside for these guaranteed loans. Loan amounts will be available to the lesser of (i) the average monthly payroll multiplied by two point five (2.5) or (ii) \$10,000,000.00. Loan terms are, generally, a ten-year maturity at four percent interest per annum.



The maximum you can borrow is 250 percent of your average monthly payroll expenses up to 10 million.

Sole proprietors, independent contractors, gig economy workers and self-employed individuals are all eligible.

There are no collateral requirements and the loans will be non-recourse. The law also waives the traditional SBA “credit elsewhere” requirement, which means that business with access to alternative avenues of credit can still apply for these loans under this Payroll Protection Program.

These loans are available to cover general business expenses including payroll, salaries, mortgage payments, rent, utilities and any other debt obligations. All business that apply are presumed to be impacted by the COVID-19 pandemic.

The bill provides for loan forgiveness for amounts used to cover payroll, interest on a covered mortgage, rent, and utilities from February 15, 2020 to June 30, 2020.

The law also provides a forgiveness safe harbor for employers that have already reduced their workforces. If by June 30, 2020, an employer restores their number of full-time equivalent employees to the number they maintained in between (i) February 15, 2019 to June 30, 2019 or (ii) January 1, 2020, to February 29, 2020, they will still be eligible for full loan forgiveness.

You will not have to pay fees on the loan, and collateral requirements and personal guarantees are waived. Loan payments will be deferred for at least six months and up to



one year starting at the origination of the loan. You are eligible to apply until June 30th, 2020.

You must apply for forgiveness with the lender servicing the loan. Lenders have 60 days to review and make a determination after receiving the application and supporting documentation. The loan is forgiven at the end of the eight-week period. Any portion of the loan that is forgiven will be excluded from gross income.

You can apply at any lending institution approved to make SBA loans. This could be the bank you already use, or a nearby bank. You can call your bank or find SBA approved lenders in Doral through SBA's online Lender Match tool <https://www.sba.gov/funding-programs/loans/lender-match>.

We will be updating our website with information identifying lenders making SBA loans. You can also apply for a loan online. The link included above will take you SBA's Economic Injury Disaster Loan Program. If you do not have access to a computer or smartphone, you can reach the SBA at the following number 1-800-659-2955 for assistance.

Individual Credits & Rebates

The law provides for immediate tax relief for individuals by providing a credit of \$1,200 for individuals and \$2,400 in the case of a joint return. There is an additional credit of \$500 per dependent. This credit is reduced if your adjusted gross income exceeds \$75,000.00 This credit is presumed to have been paid and earned from a previous year and the bill instructs the Secretary to expedite advance refunds to eligible taxpayers.



Unemployment Benefits

The law provides that in addition to state unemployment benefits, the federal government will contribute an additional \$600 per week to eligible individuals. The law also expands unemployment benefits for individuals that may have exhausted their unemployment benefits prior to the COVID-19 pandemic.

Business Provisions

For business that elects not to apply for a Payroll Protection Program loan, the law provides for a tax credit equal to fifty percent (50%) of the qualified wages. Please consult with a tax professional. **The law also provides for a delay in the payment of payroll taxes until December 31, 2021, and December 31, 2022.**

Distressed Sectors of the Economy

The bill allocated \$500,000,000.00 for direct loans from the Department of the Treasury. Procedures for applying for these loans will be published within 10 days. These loans are available for business that employ between 500 and 10,000 employees. Interest rates are no higher than two percent per annum. These loans are subject to numerous conditions, like limitations on highly compensated individuals, stock buybacks, and guarantees regarding the restoration or preservation of a workforce.

Moratorium on Residential Evictions

The law places a 120-day moratorium on evictions, which includes properties backed by a federal guaranteed mortgage loan and prohibits the charging of late fees or penalties for the nonpayment of rent.



Student Loans

The law suspends payments on student loans through September 30, 2020.

We hope you find this information useful. We will continue to provide updates as information becomes available.

A handwritten signature in blue ink, appearing to read "JCB", is positioned above the printed name of the Mayor.

Juan Carlos Bermudez
Mayor