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# Client Bulletin



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## Firm COVID-19 Update/Policy

We recognize that with the escalating health concerns and business closures, our clients may need our legal services more than ever. Here is how we at Manos, Martin & Pergram are addressing the outbreak of COVID-19.

- ◆ As an essential business, our offices will stay open during normal business hours, but we will accommodate our employees who want to work from home.
- ◆ We can use our conference call capabilities in lieu of in-person conferences/appointments whenever possible and appropriate.
- ◆ We will practice social distancing for our clients and other visitors, as well as our employees. For example, we will ask that clients and other visitors sit at opposite ends of the conference table rather than across from or next to each other and will view signings that require witnesses and/or notarization from the other end of our long conference table, from the doorway or through the window in our front conference room.
- ◆ If you have a conference scheduled that would require an in-person meeting (for example, to sign documents that require witnessing and/or notarization) and are not comfortable coming into the office at this time, we will obviously reschedule the meeting to accommodate you.
- ◆ We are cleaning door handles on a regular basis and providing for extra sanitizing in the restrooms, seating areas, lobby beverage center, etc.

Manos, Martin & Pergram is committed to doing our part to prevent the spread of COVID-19. Please contact us with any questions or concerns you may have.

## Considerations on the Payroll Protection Program (PPP), Employee Retention Tax Credit (ERTC), and Economic Impact Disaster Loans (EIDL)

You've taken a look at your cash and receivables relative to your monthly and seasonal expenses, what can be trimmed and what has to be cut. Future income and cash on hand for Q2, Q3 and Q4 are the next consideration. As this is written, the current stay at home order in Ohio runs through May 1. Individuals should be learning about or know their eligibility for:

- ◆ \$1,200.00 per individual stimulus payments from the IRS,
- ◆ Unemployment benefits at the state level (now even for self-employed contractors or freelancers), and
- ◆ Paid sick leave and family leave.

For business owners and managers, the Payroll Protection Program (PPP) is getting most of the attention because of the amounts under that loan program that are forgivable. But it's worth understanding the Employee Retention Tax Credit (ERTC) and Economic Impact Disaster Loans (EIDL) as well, since they may fit someone's situation better than PPP, especially if time permits. And for some business owners and individuals, as difficult as it is to consider, the best option may be to shut down altogether (rather than delaying the inevitable), and focus on the individual stop-gaps above and personal savings outside the business to weather this storm and start over after COVID-19.

Essentially (which is to say, subject to certain limitations),

- ◆ PPP is 2.5 months' worth of annual wages (but not those in excess of \$100,000 for an employee), and
- ◆ ERTC is a credit of 50% of all qualified wages in a given quarter in which the business was shut down by the government because of COVID-19.

So, a PPP is limited in time and dollar amount, when time is of the essence, but an ERTC is a credit, not limited in time or dollar amount so long as certain conditions are met.

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An EIDL is a loan of up to \$2 million for payroll, monthly debt payments, rent, accounts payable or other operating expenses. There is a \$10,000 grant available just for applying, regardless of whether one qualifies. Apparently, a business is not eligible for the ERTC if it accepts a Payroll Protection Program loan or an Economic Impact Disaster Loan. The government doesn't want to both loan you money to pay your wages AND give you a credit for paying them.

There are a number of summaries out there on PPP, ERTC and EIDL, but below is one of the better decision trees on bad, good, better and best.

- ◆ Does the company have the ability to pay out 50% of its wages during a shutdown? If not, don't even consider the ERTC. Go straight to the PPP or the EIDL.
- ◆ Assuming that the company has a qualifying quarter for the ERTC, is there a likely path to getting above an 80% gross receipts threshold in the next quarter?
  - If there isn't a path there, the ERTC has to be seriously considered.
  - If there isn't a path to the 80% threshold in either of the next successive two quarters, the ERTC is definitely something you should look at closely, especially if safeguards aren't put in place to avoid taking advantage of loopholes.
- ◆ Has the company already laid off most of its staff or significantly reduced wages? If it has and can't rehire those people or restore wages, the PPP is certainly less beneficial and potentially not beneficial at all.
- ◆ Does the company have a high overhead or lots of debts that can no longer be afforded due to COVID-19? At least consider the EIDL in that situation.
- ◆ Remember the fact that the EIDL will pay out that \$10,000 grant just for applying, regardless of whether a loan is actually granted and closed upon. If the PPP and ERTC don't get up near that amount, it might be worthwhile to look into the EIDL.

*[With credit to Mark Markowitz, CPA]*

Please contact Manos, Martin & Pergram at 740-363-1313 to discuss how to best work with your:

- ◆ accountant to better decide as between the Payroll Protection Program and the Employee Retention Tax Credit; and
- ◆ banker as between the Economic Impact Disaster Loan and Payroll Protection Program.

### Negotiating Loan and Rent Deferrals

Landlords and lenders learned hard lessons in 2008-2009 in terms of what they took back.

Especially for those businesses that may not qualify for one of the programs listed above, much of what will get Americans through the current circumstances will come down to how far they are willing to meet in the middle to work through things. Please contact us for any help we can provide you as a tenant, owner, property manager, borrower or lender in negotiating and documenting a forbearance or deferral agreement or a forgiveness agreement.

### Broadband Access and the Digital Divide in Light of Stay at Home Orders

The Delaware County Board of Commissioners, through its Economic Development Department, has been working to measure broadband coverage and capacity in different parts of the county. This is a good time for local government leaders in municipalities, townships, fire districts and school districts to consider ways to work together to improve both the fiber optic network and fixed and mobile wireless access in the county by considering their rights-of-way, vertical structure, in-place conduit, and any real estate holdings.

### Enjoy the Great Outdoors

While state campgrounds may be closed, local park districts along with the Ohio Department of Natural Resources and the Ohio Division of Wildlife are working hard to keep boat ramps and trails open for hiking, bird watching, fishing, and other activities. Observe social distancing guidelines and be considerate of others. In return for any quality hunting spots for spring turkey season, attorney Andrew Wecker is willing to provide free 1-hour consultations on your business and real estate questions. You can reach him at 740-363-1313 in the office or 614-668-4053 on his mobile number.

This bulletin provides general information and is not legal advice. Please contact us if you need legal advice.

If you have friends or associates who you think would enjoy receiving a copy of this Client Bulletin, please feel free to forward it on. Thank you.

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