



BDO KNOWS

CARES ACT \$500 BILLION ECONOMIC STABILIZATION PLAN

ADVISING COMPANIES ON THE BUSINESS LOAN PROGRAM

OVERVIEW

On March 27, President Trump signed into law the \$2 trillion Coronavirus Aid, Relief, and Economic Security Act (CARES Act) in order to provide "emergency assistance and health care response for individuals, families and businesses affected by the 2020 coronavirus pandemic." The largest rescue package in American history, this historic piece of legislation includes a number of programs designed to offset the severe economic losses incurred from the COVID-19 global pandemic and maintain company employment levels. Title IV of the CARES Act includes the ability for the Secretary of the Treasury in coordination with the Federal Reserve to make loans, loan guarantees and other investments of up to \$500 billion allocated as follows:

- ▶ **\$25 Billion** for passenger air carriers
- ▶ **\$4 Billion** for cargo air carriers
- ▶ **\$17 Billion** for businesses critical to maintaining national security
- ▶ **\$454 Billion** for other eligible businesses as established by the Federal Reserve

ELIGIBILITY REQUIREMENTS

While eligibility requirements for this loan program vary depending on the type of business or organization, generally each must:

- ▶ Be based in the United States
- ▶ Have incurred economic losses and require loan proceeds to maintain ongoing operations
- ▶ Maintain defined employment levels for a given period of time
- ▶ Refrain from making certain stock repurchases and payment of dividends or capital distributions for a 12-month period

HOW TO APPLY FOR A LOAN

Specific procedures to apply for these loans are forthcoming from Treasury; however, based on guidance provided thus far, we anticipate that businesses will have to provide analyses, documentation and disclosures such as:

- ▶ Covered losses sustained from the COVID-19 disruption and that continuing operations are at risk
- ▶ Financial statements, employment levels, payroll records, debt and debt service schedules, collateral, financial needs for the remainder of 2020, operating plans, and anticipated use of proceeds.



As one of the world's largest accounting firms, BDO has extensive experience working with severely harmed companies to respond to business interruptions caused by unforeseen events and obtain relief and aid.

HOW BDO CAN HELP

During these times of economic losses, it is critical that businesses affected by COVID-19 understand the options they have for financial relief available from the Federal Government. The CARES Act offers a significant opportunity for companies to obtain a low-interest loan and be able to retain a huge portion of their work force. BDO is here to assist in maximizing the benefits provided by the CARES Act.

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To help companies with financial relief, we employ a service approach characterized by a high degree of senior-level involvement coupled with direct access to top technical resources and specialists, all with straightforward, proactive communication throughout each stage of the process.

Assessing Title IV Stabilization Options

Given the complexities and nuances of the CARES Act, it is important to know the various options available to your business for economic relief. Our experts can guide you through the \$500 billion stabilization plan to assess what you may qualify for under this portion of the CARES Act. We can then work with you to set up a recovery plan to help re-stabilize your business. We recognize the need to act quickly and our experience and training allows us to mobilize at an expedited pace.

Monitoring Application Status

BDO can monitor progress of the applications and assist by working with the government as follow-up is requested prior to the loan approval. Our team of experts can identify strategic uses of funds to help reestablish the health and stability of your business.

Applying for Loans

We can manage the loan qualification and application process for you to ensure that your submission is complete and adheres to the guidelines provided by the Secretary of the Treasury. This can include, among other things, a thorough analysis of business interruption and covered losses and an evaluation of the likelihood of maintaining continuing operations.

Ensuring Compliance

Staying compliant with key loan terms, business restrictions, and use of proceeds is critical for your business to avoid potential sanctions or penalties. BDO can monitor these compliance requirements and ensure that your business is operating within the confines of the CARES Act.

KEY FACTS & FIGURES FOR FINANCIAL AND CLAIMS RECOVERY

100+ YEARS OF QUALITY SERVICE
30+ CLAIM Practitioners
OVER \$8 BILLION recovered FOR CLIENTS
200+ years of combined EXPERIENCE
INDEPENDENT in fact & appearance

CONTACT:

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