

Recorded Thursday, April 2, 2020

Good afternoon, HARDI world. This is Talbot Gee from the Gee bunker. Again, I want to give you a quick message specifically about the cares act relief resources that are going to be made available tomorrow, Friday, April 3. That's when loans can actually be submitted either to an SBA approved lender or directly with the SBA, depending on the type of loan.

Tomorrow morning, when you log in on your morning routine, you're going to see an email from us with a list and outline of resources and descriptions of these programs just to make sure that you have the latest information.

I want to run through this real quickly and carefully because not only is this going to be incredibly important for a lot of our distributor members who need support either for their payroll and or their operations and all their other expenses and AP AR, but also and maybe even more importantly for your contractor customers.

We're seeing more and more evidence where the contractor community might be even more at risk than the distributor community. And I think this is a great opportunity for informed distributors to provide an unmatched service to their key core customers by helping them navigate these incredibly murky waters. So let me run through real quickly an idea of what you're going to get tomorrow morning.

First off, what are these programs? Okay, so you have a few you've heard these acronyms being flying around. The most common one that people are talking about as part of the cares act is PPP, right, the payroll protection program that is specifically for helping you maintain your payroll and then rehiring any of those people you may have laid off since February 15.

Any of those uses of those funds directly for maintaining your payroll and preventing future cuts will be forgivable by the SBA lender, the SBA will actually pay your lender that portion of the loan, then there's reduced amounts of forgiveness based on other uses of the funds, but stay focused on PPP and covering your payroll needs.

But there's also the EIDL. So that is for essentially a disaster emergency relief -- an expansion of an existing SBA loan program. There are no such restrictions on the use of those funds as it relates to your business and your operations. So it will not be forgivable, but it does have and it does have a minor interest rate on it, but it's over 30 years. And you can use that to pay for your AP to clear your credit lines to give you dry powder for when the market returns for unnecessary capital improvement. Maybe you had a system failure or something at your business and you're afraid to release the cash. That's what that's for.

You can apply for both of those things. That allows you to use your PPP specifically for payroll expenses where it will be forgivable. And then you can use the other loan funds for the non

payroll expenses that will maintain cash in your business and help keep you going. That's why I think this is so important for the contractor community.

On top of that, contractors can also apply for the advanced loan program as part of the Disaster Relief Fund, which is a \$10,000 grant, there's not even a repayment requirement on that one. So that can be for those immediate needs. So that's just a super high level.

There's other things out there. There's other things to weigh like the tax credits for retaining your personnel, especially for the large employers. We're going to be working on a decision tree that will help companies actually go through the yes no process to understand what they should do with all this. But it's really complicated and we want the input from the contractor community so it's applicable to your customers as well. So it's not going to be ready first thing in the morning tomorrow. That'll be ready later on.

But what you will have is the order of operations for all this very first thing, if you want to apply for the PPP, you must make sure that you're working with an SBA approved lender. More than likely your existing bank and banking relationships are already approved SBA lenders, you need to go to them. And they will give you their package of application materials and their checklist of documentation required, as well as their own instructions for how you will actually apply for the loan.

It's going to be different for each lender. So it's not going to be one thing that you'll see on SBA's website to tell you how to do that. That is different from the EIDL, the emergency and disaster relief ones. Those you'll apply directly to the SBA, so that you'll have to go through the SBA application process that is on their website.

Okay, so back up again, you got to have the lender already lined up. So if you haven't already talked to your bank, make sure that they are an SBA lender, if they're not, figure it out somewhere else or where your SBA lender is in your market that you would have any type of relationship with and work on there to get the ducks in a row for your PPP loan application there.

Once you have that in the works, you can get all those applications in. And then frankly, if you end up not needing the loan, you can pay it back. There's no cost to you, you're good to go. In the meantime, that buys you some time to work with your tax advisers on where you should be taking advantage of the tax incentives and tax credits versus the loan programs. Because one thing you cannot do is use both, you're going to have to make a decision which one you can do.

For example, if you want to use the PPP, you must keep collecting and paying the employer portion of your payroll taxes. We originally thought those were going to be deferred for all employers regardless, but a clarification came out and that cannot be deferred for those companies who take advantage of the PPP loans. So you need to make that decision whether that's something you're going to do or not.

I would also say take a long hard look at how hard you think it will be to rehire anyone that you had had to layoff or furlough. If you view it as a difficult thing later to rehire, then take advantage of the PPP because it gives you an incentive to rehire those people immediately, even if you don't have the work for them to do right now.

If on the other hand, you think it will be pretty easy to rehire them, you should talk to your tax advisor and understand whether the tax credit aspects of losing those people and some of the other incentives might be more worth your while than the PPP program. So that's super high level, there's a lot of more detailed content that will come out to you be in your inbox when you login in the morning. But I wanted you to have that order of operations.

So before you got, what, 20 minutes or so until the end of business on the east coast. See if your bank is an approved SBA lender, then you'll at least know where the first places to start and they will send you an awful lot of the information on how to apply for the PPP loans.

So with that, good luck stay in touch. Let me know if there's anything else you need and look in your inbox first thing in the morning for more specific guidance. Thank you Take care, be safe, take care of your people, keep people employed, keep your business going. That's what we're focused on. Thank you guys. Bye