



SANTANASTO LAW

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RE: Corona Virus (Covid-19) Memorandum to Businesses and Employers

Our office prides itself on staying current with the changing times. Below is a list of common questions and general answers surrounding Coronavirus (COVID-19) that we have prepared for Businesses and Employers. For specific answers to your questions please contact our office at 610-849-1780 or email PGerencher@santanastolaw.com to set up a virtual appointment.

Will there be business assistance for those affected by coronavirus(covid-19)?

The SBA recently announced that it will be offering a Disaster Assistance Loan program to provide Small Businesses Impacted by Coronavirus (COVID-19) up to \$2 Million. These loans may be used to pay fixed debts, payroll, accounts payable and other bills that cannot be paid because of the disaster's impact. The interest rate is 3.75% for small businesses without credit available elsewhere; businesses with credit available elsewhere are not eligible. The interest rate for non-profits is 2.75%. The SBA offers loans with long-term repayments in order to keep payments affordable, up to a maximum of 30 years. Terms are determined on a case-by-case basis, based upon each borrower's ability to repay. SBA's Economic Injury Disaster Loans are just one piece of the expanded focus of the federal government's coordinated response. If you would like more information on these loans, assistance with filling out your application, or other government programs related to the Coronavirus, please contact our office.

Is coronavirus (covid-19) going to affect my contracts and the performance of them?

This depends on how your contracts are written. Many contracts have provisions force majeure or "act of god" provisions which are designed to relieve a party from certain contractual obligations or excuse performance in the event of outside circumstances beyond that parties' reasonable control. Some contractual provisions specifically include language for pandemics like Covid-19 while others are more general in their language. Even contracts provisions without specific reference to pandemics, may still be triggered under more common general references to "Acts of God". If you have questions regarding how Covid-19 may affect contract obligations, we can help.

Will insurance help with my coronavirus business shut down?

A business that suffers a loss as a result of disruption arising from Covid-19 should review its insurance to determine if it has coverage. Insurance commonly has strict provisions requiring notification to insurers of actual or potential claims within a particular timeframe, together with duties to mitigate loss and to consult with insurers before taking action, and therefore it is key to

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identify these issues early. Classic business interruption insurance may not cover Covid-19. Typically, it is not sold as a standalone policy but may be an available endorsement for business's property, or all-risks, insurance program, and covers loss of income that a business suffers as a direct result of physical damage to insured property. Whether there is coverage may depend on the specific language of the policy or endorsement. Business interruption policies can provide broader cover, often as an extension, for interruption caused by non-physical events, and bespoke contingency coverage or events insurance is also available which provides insurance for losses arising from the cancellation, abandonment, postponement or interruption of particular events. If this type of coverage is in place, insureds will need to consider carefully the triggers for cover, in particular, whether cover is provided for losses that result from an outbreak of an epidemic or whether these losses are expressly excluded. Contact our office if you would like us to review your policy and give you assistance.

Does the newly enacted legislation apply to my business?

The Families First Coronavirus Response Act goes into effect on April 2, 2020. The Act will remain in effect until December 31, 2020. It will apply to all employers of 500 or less employees. Eligible employees are those who have 30 days of employment with your business. These employees are eligible for Emergency Family Medical and Leave Act and Paid Sick Leave. The act also provides tax credits for employers.

What does this mean for my business?

The following is general information on the newly enacted legislature and how it may impact your business. The intricacies of the act will vary from business to business. Please contact our office with specific concerns.

General Information on Emergency Family Medical and Leave Act:

Employees may take job-protected family leave to care for children under 18 years old who are home due to COVID-19 closures. Employees are not entitled to pay for the first 10 days under this act. After the first 10 days, employees are entitled to two-thirds of their salary not to exceed \$200 per day and \$10,000 per employee. Employers with 50 and less employees may apply for an exemption to the above. Employers with 25 and less employees may not have to provide job protection in certain circumstances.

General Information on Paid Sick Leave:

Full-time employees are entitled to 80 hours of paid sick leave. Part-time employees are entitled to paid sick leave on a pro-rata basis. Paid sick leave applies to employees who have been ordered by their health care provider or the government to quarantine. This includes when

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employees are seeking medical assistance because of Covid-19 symptoms, taking care of a family member who has been quarantined or ordered to self-quarantine, and taking care of children under 18 years old who are home due to COVID-19 closures. Employees are entitled to be paid at their normal salary or rates. Not to exceed \$200 per day and \$2,000 per employee taking care of a child or family member. Not to exceed \$511 per day and \$5,100 per employee who is quarantined themselves. Employers with 50 and less employees may apply for an exemption to the above.

General Information on Tax Credits:

Employers are entitled to tax credits for the total amount paid to employees under the emergency legislation.

Update on Our Office

Our office has made the transition to remote operations and is telecommuting. This means our office will remain “open” and available to address your any of your legal matters. The software we are using is called Microsoft Teams and the app is available for free download on your computer or smartphone. Additionally, we have established procedures for individuals with varied levels of access to and familiarity with technology.

We are taking this pandemic seriously and doing everything in our power to ensure the safety of our community, and the continuation of valuable legal and estate planning services.

Very Truly Yours,

Michael A. Santanasto, Esquire