

Covid-19: Cash Preservation Solutions

March 19, 2020

(Last updated March 19, 2020)

COVID-19 has created a pandemic of fear that involves a public health crisis, an economic crisis and a financial crisis all rolled into one. It has created a fundamental disruption of not only our personal lives but also our business lives. At this time, the short term consequences are simply unknowable. Our best advice is to hope for the best, but expect the worst. Since hope is not a strategy, for many of our clients, the “name of the game” is cash preservation and protecting your short term liquidity.

Here’s a list of ten things to consider doing now:

- 1. Line of Credit.** Contact your bank and ask for an increase in your line of credit.
- 2. Loan Terms and Certain Lending Agreements.** Contact your lender and ask to defer upcoming coupon payments. Consider renegotiating the loan terms. Have an art collection? You can use your collection to borrow the cash you need now, and still enjoy the art on your wall. Many financial institutions offer loans secured by art. [Bank of America](#), [Levart](#), [Citibank](#), [Athena Art Finance](#), [Morgan Stanley](#), and many other lenders offer low-interest loans leveraging your collection and allowing you to keep possession of your art.
- 3. Customers.** Stay in close communication with your customers. And carefully monitor your accounts receivables.
- 4. Liquidity.** Tap other sources of liquidity such as short term lender solutions or sales of under-utilized assets.
- 5. Tax Changes.** Take advantage of all tax deferral opportunities. Most tax payments otherwise due on April 15th (for 2019 taxes and 2020 estimated tax payments) are extended for 90 days (with no interest or penalty). We expect more tax relief may be forthcoming from the Treasury.
- 6. Agreements.** Contact your vendors to negotiate an installment payment plan. Consider renegotiating your lease with your landlord. If it would work for your business, request one to three free months of rent in exchange for a one or two-year lease extension.

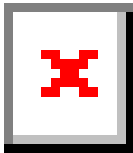
7. Employees. Consider the necessary workers. Consider furloughs or temporary layoffs of employees as needed, with eligibility for rehire and offers to return to work when the need returns. And consult employment counsel for separation agreements as needed.

8. Notice. Be sure to consult with your employment counsel with respect to the WARN Act and other federal, state and/or local law which may impact the notice and other requirements to layoff/terminate employees.

9. New Laws. Monitor evolving protections for employees, such as the [Families First Coronavirus Response Act](#), which applies to all public employers and private employers with **fewer than 500 employees**, and requires paid leave under certain circumstances for employees who would not otherwise be eligible for paid leave.

10. Litigation. Businesses engaged in litigation should be aware that the courts are issuing temporary, emergency rules that in many instances extend deadlines, delay hearings already set, convert otherwise in-person hearings to telephonic hearings or set the hearings to take place other than at the courthouse, temporarily relax certain rules regarding the use of affidavits in lieu of live witnesses, and the like. The Supreme Court of Texas has even authorized individual courts to extend statutes of limitations for a limited time. These emergency measures vary from court to court and district to district. You should contact your litigation attorneys to explore how these measures may affect your pending cases.

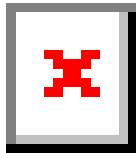
Strong leadership is especially important during this difficult time. Together, we will all get through this. Please do not hesitate to contact us if you have any questions or we can help you in any way.



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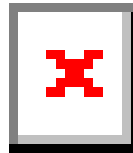
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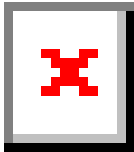
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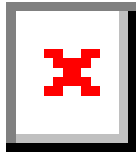
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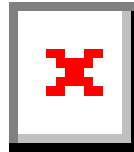
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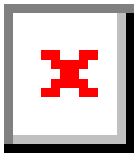
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