TIPS FOR UTILIZING WEBEX

- You are joining this WebEx on mute

- We will open for questions at the end; click Q&A to participate

NOTICE: Information valid as of the latest guidance on the morning of Friday, April 3, 2020
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SBA RELIEF PROGRAMS
PRESENTED BY VERONICA ARCHER

Please note, information presented is based upon most recent guidance – 04.03.20
HIGH LEVEL OVERVIEW

WHICH PROGRAM WORKS BEST FOR YOU?

EIDL

Intended for small businesses most affected by COVID-19 whose main priority is quick cash to keep the doors open.

Priority is short term cash needs due to lost business.

Up to $10k advance grant.
Up to $25k loan, no collateral.
Up to $2M total loan.

PPP

Intended for small businesses with employees who have been laid off, or may need to be laid off, due to the business being affected by COVID-19.

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Other programs include 7(a) Borrower Relief and Express Bridge Loans (contact your current SBA lender)
IMPORTANT NOTES

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These programs are changing on a daily basis, as the SBA receives feedback and determines nuances to the legislation

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The Economic Injury Disaster Loan is an emergency working capital loan to keep the small businesses most affected by COVID-19 in operation.
UP TO $10,000 ADVANCE GRANT

- Application for EIDL includes the opportunity to get up to a $10,000 advance on an Economic Injury Disaster Loan (EIDL)

- This Advance may be available even if your EIDL application is declined or still pending, and will be forgiven

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WHO’S ELIGIBLE?

- Examples of eligible industries include but are **not limited to** the following:
  - hotels, recreational facilities, charter boats, manufacturers, sports vendors, owners of rental property, restaurants, retailers, souvenir shops, travel agencies, and wholesalers.

- Eligibility is based on size (must be a small business), type of business, and its financial resources.
WHO’S ELIGIBLE? CON’T

- Businesses directly affected by the disaster
- Businesses that offer services directly related to the businesses in the declaration

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HOW MUCH DO I QUALIFY FOR?

- Eligible entities may qualify for loans up to $2 million
- Loans up to $25,000 need no collateral

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HOW CAN THE FUNDS BE USED?

- Funds may be used to pay fixed debts, payroll, accounts payable, and other bills that could have been paid had the disaster not occurred

- The loans are not intended to replace lost sales or profits or for expansion
LOAN TERMS

- 3.75% with terms up to 30 years

- Interest and payments automatically deferred for one year from date of loan signing

- EIDL Loans over $25,000 require collateral
  - SBA will not decline a loan for lack of collateral, but requires borrowers to pledge what is available
HOW TO APPLY

- Complete the EIDL application on the SBA website:
  - http://www.sba.gov/disaster/

- No documentation is needed on initial application; process takes approximately 10 minutes

- There is no cost to apply, there is no obligation to take the loan if offered, you do not go through a bank to apply
HOW TO GET ASSISTANCE

- SBA Customer Service:
  - 800-659-2955 phone
  - 800-877-8339 for the deaf and hard-of-hearing
  - disastercustomerservice@sba.gov email

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The Paycheck Protection Program, part of the CAREs Act, provides funding to small businesses to help meet short term expenses.
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WHO’S ELIGIBLE?

- Businesses, private and public non-profits, with <500 employees, negatively affected by the COVID-19 pandemic

- Started business before February 15, 2020 with employees who had salaries and payroll taxes paid

- Starting 4/3 (today), small businesses and sole proprietorships can apply through existing SBA lenders

- Starting 4/10, independent contractors and self-employed individuals can apply through existing SBA lenders
HOW MUCH DO I QUALIFY FOR?

- Whichever is less:
  - 2.5x your average monthly payroll costs for 2019 (capped at $100,000/year per employee)
  - $10 million dollars

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HOW CAN THE FUNDS BE USED?

- Payroll support, including medical benefits, paid sick, medical, or family leave, etc.
- Employee salaries
- Rent & mortgage interest
- Utilities
- Any other debt obligations incurred before 03.01.2020

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HOW MUCH CAN BE FORGIVEN?

- Up to 100% can be forgiven

- The customer will be required to repay any amount not used for payroll, mortgage interest, rent and utility payments 8 weeks after getting the loan

- Forgiveness of non-payroll costs will be limited to 25%

- The amount of loan forgiveness will be reduced by:
  - Reduction in staff
  - A reduction in salaries and wages by more than 25%

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LOAN TERMS

- 2 years at 1.00% fixed rate
- No payments for 6 months
- Unsecured (no collateral needed)
- No personal guarantee required
- Funds can be used for payroll, benefits, rent, utilities, mortgage interest
WHAT INFORMATION DO I PROVIDE?

- Completed & signed 2-page PPP application
- Corporation articles (including bylaws, if applicable)
- Copies of all owners’ driver licenses
- Payroll expense verification
  - Payroll summary report with corresponding bank statements
  - IRS forms 940 and 941
  - 1099s for independent contractors
  - W-2’s
- List of other business entities / affiliates

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HOW TO APPLY

- Complete the SBA Paycheck Protection Program (PPP) Application

- Submit the completed and signed form to your Alerus Advisor or SBA approved lender along with the required additional information

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# Paycheck Protection Program Application Form

<table>
<thead>
<tr>
<th>Non-Profit</th>
<th>Vet Org</th>
<th>Tribal</th>
<th>Ind. Cont.</th>
<th>Self Employed</th>
</tr>
</thead>
<tbody>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>DBA or Tradename if applicable</th>
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<tbody>
<tr>
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</table>

<table>
<thead>
<tr>
<th>Business Legal Name</th>
</tr>
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<tbody>
<tr>
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</table>

<table>
<thead>
<tr>
<th>Business Primary Address</th>
<th>Business TIN (EIN, SSN)</th>
<th>Business Phone</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Primary Contact</th>
<th>Email Address</th>
</tr>
</thead>
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<tr>
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</tbody>
</table>

Average Monthly Payroll: $ __________

X 2.5 equals Loan Amount: $ __________

Number of Jobs: __________

Purpose of the loan (select more than one):

- Payroll
- Rent / Mortgage Interest
- Utilities
- Other (explain):  

### Applicant Ownership

List all owners of Applicant with greater than 20% ownership stakes. Attach a separate sheet if necessary.

<table>
<thead>
<tr>
<th>Owner Name</th>
<th>Title</th>
<th>Ownership %</th>
<th>TIN (EIN, SSN)</th>
<th>Address</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
</table>

*If questions (1) or (2) below are answered “Yes,” the loan will not be approved.*

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Is the Business or any owner presently suspended, debarred, proposed for debarment, declared ineligible, voluntarily excluded from participation in this transaction by any Federal department or agency, or presently involved in any bankruptcy?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Has the Business, any of its owners, or any business owned or controlled by any of them, ever obtained a direct or guaranteed loan from SBA or any other Federal agency that is currently delinquent or has defaulted in the last 7 years and caused a loss to the government?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Is the Business or any owner an owner of any other business or have common management with any other business? If yes, attach a listing of all Affiliates and describe the relationship as addendum A.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Has the Business received an SBA Economic Injury Disaster Loan between January 31, 2020 and April 3, 2020? If yes, provide details on a separate sheet identified as addendum B.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**Applicants who are individuals and all 20% or greater owners of the business must answer the following questions. If questions (5) or (6) are answered “Yes” or question (7) is answered “No”, the loan will not be approved.**

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>5. Are you presently subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction, or presently incarcerated, on probation or parole?</td>
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<tr>
<td>Initial here to confirm your response to question 5 →</td>
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</tr>
<tr>
<td>6. Within the last 7 years, for any felony or misdemeanor for a crime against a minor, have you: 1) been convicted; 2) pleaded guilty; 3) pleaded nolo contendere; 4) been placed on pretrial diversion; or 5) been placed on any form of parole or probation (including probation before judgment)?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Initial here to confirm your response to question 6 →</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>I am a U.S. Citizen OR</td>
<td>I have Lawful Permanent Resident status</td>
</tr>
<tr>
<td>Initial here to confirm your response to question 7 →</td>
<td></td>
<td></td>
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Paycheck Protection Program
Application Form

By Signing Below, You Make the Following Representations, Authorizations, and Certifications

REPRESENTATIONS AND AUTHORIZATIONS

I represent that:

• I have read the Statements Required by Law and Executive Order included in this form, and I understand them.
• I will comply, whenever applicable, with the civil rights and other limitations in this form.
• All SBA loan proceeds will be used only for business related purposes as specified in the loan application.
• To the extent feasible, I will purchase only American-made equipment and products.
• The Applicant is not engaged in any activity that is illegal under federal, state or local law.

For Applicants who are individuals and all Associates: I authorize the SBA to request criminal record information about me from criminal justice agencies for the purpose of determining my eligibility for programs authorized by the Small Business Act, as amended.

CERTIFICATIONS

The Business and each 20% or greater owner must certify in good faith to all of the below by initialing next to each one:

☐ Current economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant.

☐ The funds will be used to retain workers and maintain payroll or make mortgage payments, lease payments, and utility payments; I understand that if the funds are used for unauthorized purposes, the federal government may pursue criminal fraud charges.

☐ Documentation verifying the number of full-time equivalent employees on payroll as well as the dollar amounts of payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities for the eight week period following this loan will be provided to the lender.

☐ Loan forgiveness will be provided for the sum of documented payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities. Due to likely high subscription, it is anticipated that not more than twenty-five percent (25%) of the forgiven amount may be for non-payroll costs.

☐ During the period beginning on February 15, 2020 and ending on December 31, 2020, the Applicant has not and will not receive another loan under this program.

☐ I further certify that the information provided in this application and the information that I have provided in all supporting documents and forms is true and accurate. I realize that knowingly making a false statement to obtain a guaranteed loan from SBA is punishable under 18 USC 1001 and 3571 by imprisonment of not more than five years and/or a fine of up to $250,000, under 15 USC 645 by imprisonment of not more than two years and/or a fine of not more than $3,000; and, if submitted to a Federally insured institution, under 18 USC 1014 by imprisonment of not more than thirty years and/or a fine of not more than $1,000,000.

☐ I acknowledge that the lender will calculate the eligible loan amount using tax documents I have submitted. I affirm that these tax documents are identical to those I submitted to the IRS. I also understand, acknowledge and agree that the Lender can share the tax information with SBA’s authorized representatives, including authorized representatives of the SBA Office of Inspector General, for the purpose of compliance with SBA Loan Program Requirements and all SBA reviews.
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HOW TO GET ASSISTANCE

- Veronica Archer, Alerus Sr. Business Advisor
  - veronica.archer@alerus.com
  - (520) 820-7632 text / call

- Reach out to your SBA approved lender
  - https://www.sba.gov/funding-programs/loans

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