

LunchChat

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Financing and Grants Available to Tourism-Impacted Businesses

April 2, 2020

Hosted by Rockford Area Convention & Visitors Bureau

Panelists



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UnitedWayRRV.org/covid-19

OR

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Karl Franzen



- **City of Rockford COVID-19 Business Relief**
- **State of IL Emergency Loan**
- **Northern Illinois Community Development Corporation COVID -19 Small Business Emergency Loan**
- **IL Downstate Small Business Stabilization Program**

COVID-19 Business Relief

Food & Beverage Tax Deferment

- February through April tax deferred to May 31
- 1/4 of deferred tax due 5/31, 6/30, 7/31, and 8/31
- Return forms to be filed by regular deadline without payment

Hotel/Motel Tax Deferment

- February through April tax deferred to May 31
- 1/4 of deferred tax due 5/31, 6/30, 7/31, and 8/31
- Return forms to be filed by regular deadline without payment



COVID-19 Business Relief

Water Service

- Disconnections for delinquency temporarily paused
- Payment fees for online/phone suspended
- Late fees suspended

COVID-19 Business Relief

Liquor Licenses

- Renewal fees deferred to 7/31
- Bars and restaurants with existing alcohol licenses may temporarily sell packaged alcohol - in person, to go, or by home delivery, including third-party delivery

Tobacco Licenses

- Renewal fees deferred to 7/31



COVID-19 Business Relief

Enhanced Unemployment (Federal)

- Expanded to self-employed
- Increase weekly benefit by \$600
- Waives one-week benefit delay

State of IL Emergency Loan

- **City of Rockford Response**
- **State of IL Emergency Loan**
- **Northern Illinois Community Development Corporation
COVID -19 Small Business Emergency Loan**

NICDC COVID-19 Small Business Emergency Loan

Northern Illinois Community Development Corporation

- **Capacity: \$2M+**
 - For-profit
 - <100 employees
 - COVID-19 affected
 - Average credit score
 - Min. one-year operations or other financial information
- **Amount <\$50K**
 - Rate: 6%
 - Term 90 Days
 - Working Capital
- **Bridge loan for SBA Disaster loan**



IL Downstate Small Business Stabilization Program

- **Capacity: \$20M**
 - Non-HUD Entitlement communities
 - (Excluding City of Rockford)
- **Amount <\$25K**
- **Use: Working Capital**



Mike Mastroianni



- Paycheck Protection Program
- Express Bridge
- Small Business Loan Relief
- Emergency EIDL Grant

Edward Caceres



CARES Act- Paycheck Protection Program

- The Paycheck Protection Program is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll.
- SBA will forgive loans if all employees are kept on the payroll for eight weeks and the money is used for payroll, rent, mortgage interest, or utilities.
- The Paycheck Protection Program will be available through June 30, 2020.

CARES Act- Paycheck Protection Program

Who Can Apply

- This program is for any small business with less than 500 employees (including sole proprietorships, independent contractors and self-employed persons), private non-profit organization 501(c)(3) or 501(c)(19) veterans organizations affected by coronavirus/COVID-19.
- Businesses in certain industries may have more than 500 employees if they meet the [SBA's size standards](#) for those industries.
- Small businesses in the hospitality and food industry with more than one location could also be eligible at the store and location level if the store employs less than 500 workers. This means each store location could be eligible.



CARES Act- Paycheck Protection Program

How To Apply

- You can apply through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating.
- Other regulated lenders will be available to make these loans once they are approved and enrolled in the program. You should consult with your local lender as to whether it is participating in the program.
- Lenders may begin processing loan applications as soon as April 3, 2020.



CARES Act- Paycheck Protection Program

Loan Details and Forgiveness

- The loan will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities (due to likely high subscription, at least 75% of the forgiven amount must have been used for payroll).
- Loan payments will also be deferred for six months. No collateral or personal guarantees are required. Neither the government nor lenders will charge small businesses any fees.
- Forgiveness is based on the employer maintaining or quickly rehiring employees and maintaining salary levels. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease.
- This loan has a maturity of 2 years and an interest rate of .5%.



CARES Act- Express Bridge

- The Express Bridge loan program allows SBA Express lenders to provide expedited financing to small businesses located in declared disaster areas.
- Express Bridge loans are intended to be interim loans. Businesses use these funds for disaster-related purposes while they apply for and await long-term financing.

CARES Act- Express Bridge

Loan Details

- The Express Bridge program follows the policies and procedures in place for the SBA Express program, with the following key points.

Maximum loan amount	\$25,000
SBA guarantee %	50%
Maximum maturity	7 years
Program expiration date	September 30, 2020

CARES Act- Express Bridge

Loan Details

- Only lenders that were already participating in the SBA Express program at the time of the disaster can issue Express Bridge loans. These lenders may issue Express Bridge loans only to eligible small businesses that had an existing banking relationship with the lender at the time of the disaster.
- Lenders can issue Express Bridge loans up to six months after the disaster declaration. Lenders may require a borrower to pay down or pay off the Express Bridge loan if the borrower is approved for long-term disaster financing that may be used to reimburse the Express Bridge loan.



CARES Act- Express Bridge

The Underwriting Process

The SBA has simplified the underwriting process for the Express Bridge program. When underwriting an Express Bridge loan, lenders have to consider only the following:

- A minimum acceptable credit score of 140 for the applicant issued by E-Tran upon submission of the loan application for screening
- A personal credit score for each guarantor
- Lenders must obtain a signed IRS Form 4506-T and an IRS tax transcript. For businesses in operation prior to the disaster but not long enough to have been required to file a tax return, lenders must provide an alternative to verify existence of the business.



CARES Act- Express Bridge

What businesses are eligible?

To be eligible for an Express Bridge loan, a small business must be located, at the time of the disaster, in a county that's been declared as a disaster area, or any contiguous county. The loan must be used to support the survival and/or reopening of the small business within the affected county.



CARES Act- Small Business Loan Relief

FOR BORROWERS

Existing Small Business Administration (SBA) Loans

I have an existing SBA business loan. Do I get any relief?

- Yes. Starting no later than 30 days after the date on which the first payment is due, the SBA will pay all principal, interest, and fees on existing SBA loans for 6 months pursuant to 7(a), Community Advantage, 504, and Microloan programs.
- If the loan is currently in deferment, then the SBA will begin making payments after the deferment period.
- Borrowers who obtain new loans under those programs within six months after the enactment of the CARES Act are also entitled to have the SBA make a full 6 months of loan payments.

CARES Act- Emergency EIDL Grant

Overview

- The exact provision in the law is [Section. 1110. EMERGENCY EIDL GRANTS](#). This section describes the requirements for receiving the \$10,000 Emergency Grant.
- The first section waives most of the normal requirements including requiring a personal guarantee and the requirement that you be in business for at least 1 year.
- You still must be in business since at least January 31st 2020.
- The qualification process for obtaining these loans has also been streamlined. [Section 1110, subsection \(d\), paragraph 1](#) indicates that requests may be approved, “based solely on the credit score of the applicant.”

CARES Act- Emergency EIDL Grant

Uses

According to [Section 1110, subsection \(e\), paragraph \(4\)](#), the \$10,000 Emergency Grant may be used for any of the following approved purposes:

- Providing paid sick leave to employees unable to work due to the direct effect of the COVID-19
- Maintaining payroll to retain employees during business disruptions or substantial slowdowns
- Meeting increased costs to obtain materials unavailable from the applicant's original source due to interrupted supply chains
- Making rent or mortgage payments
- Repaying obligations that cannot be met due to revenue losses

CARES Act- Emergency EIDL Grant

Conclusions

- This means that you may use the fund to maintain payroll, buy materials for your business, and pay your rent.
- It also means that if your business is forced to use the corporate credit card to stay in business, that those expenses qualify for forgiveness.
- Applying for the EIDL does not exclude your small business from applying for the [Paycheck Protection Program](#) (PPP) loan.
- Be aware, if you accept the \$10,000 Emergency Grant through the EIDL, the CARE Act states that the Emergency Grant will count against the forgivable amount of your PPP loan.
- Applications for the PPP open on April 3rd for small businesses and sole proprietorships and April 10th for independent contractors and the self-employed.

Q&A

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Thank you!