



DEKALB BETTER BUSINESS LOAN PROGRAM SUMMARY

LOAN AMOUNT

Up to \$40,000 per Borrower/Business

PROGRAM PURPOSE

Loan proceeds will provide capital to businesses that are experiencing financial hardship as a result of the Covid-19 pandemic. Over the three (3) month period after the Loan is made, Borrowers may use the proceeds for any pre-approved combination of the following eligible expenses:

- Payroll (gross federal wages)
- State unemployment taxes and local taxes
- Employee benefits
- Business mortgage interest
- Business property rent payments
- Commercial property utilities
- Interest on other business debts
- Payroll costs are capped at \$100,000 on an annualized basis for each employee. During the 3-month period after the Loan is made, businesses may be required to maintain payroll compensation and employee levels equal to or greater than the 3-month pre-Covid19 period of October through December 2019.

ELIGIBLE BUSINESSES

Primary targets are businesses located in DeKalb County with gross annual revenues less than \$1 million and 20 or less employees that have been operating for a minimum of 12 months prior to June 1, 2020 and did not receive federal Payroll Protection Program (PPP) funds. When more than one business (owned 50% or more by the same owners) applies for a Better Business

Loan, the combined number of employees of all affiliate businesses must be 20 or less. Additional targets are businesses that fit the above criteria, but received loan funds through the Federal PPP.

Legal business types include: Sole Proprietor, Partnerships, C-Corporations, S-Corporations, Limited Liability Corporations, Independent Contractors, Eligible Self-Employed, 501(c)(3) Non-Profit, 501(C)(19) Veterans Organization, Tribal Businesses.

LOAN AMOUNT FORMULA FOR CORPORATIONS AND PARTNERSHIPS WITH W-2 EMPLOYEES

The maximum Loan amount is calculated using the following formula: 2019 Payroll or Trailing 12 months Payroll + Employee Benefits+ State Unemployment Taxes + Business Mortgage Interest and Interest on other Business Debts and Commercial Property Rent + Commercial property utilities = Total Eligible Expenses. Total Eligible Expenses / 12 Months = Average Expenses X 3 (months) = Maximum Loan Amount or \$40,000, whichever is less.

LOAN AMOUNT FORMULA FOR SOLE PROPRIETORS WITHOUT W-2 EMPLOYEES

The maximum Loan amount is calculated using the following formula: 2019 Net Income or Trailing 12 months Net Income + Depreciation + Amortization + Total Eligible Expenses / 12 Months = Average Eligible Compensation X 3 (months) = Maximum Loan Amount or \$40,000, whichever is less.

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LOAN AMOUNT FORMULA FOR FORM 1099-MISC RECIPIENTS

The maximum Loan amount is calculated using the following formula: Total of all 1099-misc income for 2019 or Trailing 12 months 1099-misc. income / 12 Months = Average Eligible Compensation X 3 (months) = Maximum Loan Amount or \$40,000, whichever is less.

LOAN APPLICATION PROCESS

To expedite the Better Business Loan Program loan process, potential borrowers will be required to attend the County's Better Business Loan Program Webinar on Monday, August 24, 2020 at 9am. This requirement is to ensure accurate and full completion of each application

LOAN FORGIVENESS

Loan proceeds must be used in compliance with the approved uses and Borrowers must provide documentation memorializing proof of compliance and proper use of Loan funds. The Borrower must furnish the Bank with documentation that verifies the business was managed in compliance with the Loan policies and regulations. Where appropriate, Borrowers will document that good faith efforts¹ were made to achieve to the greatest extent feasible² all goals of compliance and that Loan funds were only used for Eligible Expenses over the three month period from inception of the Loan. The mixture of these criteria to constitute eligibility for loan forgiveness will be determined by the County, at the County's sole discretion.

During the first three months, a minimum goal of 60% of the Number of Employees retained and a minimum goal of 60% of the Loan proceeds must be spent for the following purposes:

- Payroll (gross federal wages) and Employee Benefits

¹The term "good faith efforts" means the applicant shall honestly and diligently perform the measures that a reasonably prudent person would perform to comply with the terms of the Loan, as determined by the County, at the County's sole discretion, which will at a minimum be an offer letter to achieve adequate staffing levels.

²The term "greatest extent feasible" means every reasonable effort shall be made to comply with the requirements of the Loan.

- State unemployment taxes and payroll taxes (not local)
 - And, during the first three months, a goal of 100% of the Loan proceeds minus whatever was spent on payroll and related expenses shall be spent on the following:
 - Business Mortgage interest
 - Business property rent payments
 - Business Utilities
 - Interest on Other Business related Debts
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LOAN COMPLIANCE AND COMPLETION

1. Completion of the Better Business Loan Program Webinar;
 2. Completion of the Better Business Curriculum.
 3. Business managed in good faith to achieve to the greatest extent feasible employee staffing levels; and/or
 4. The total amount of Loan funds used to pay payroll costs, interest on mortgage and/or other business debt, rent, and/or utilities. Max = principle Loan amount.
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LOAN TERM AND INTEREST RATE

Loans shall have a term of 24 months, subject to Forgiveness after 3 months. The rate shall be 1% and the principal and interest payments shall be deferred for the first 3 months of the loan (the "Deferral Period"). After the Deferral Period, if Forgiveness is not achieved, 21 amortized monthly payments become due. Each loan shall be secured by the collateral funds held in a restricted collateral escrow account in the Bank's name and expressly for the collateral used in DeKalb County's

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Better Business Loan Program. The liquid collateral shall equal 100% of the loan amount. After the Deferral Period, if a Borrower is in default on repayment for 60 days or more, the Bank may declare the Borrower in breach of the loan agreement and pay off the loan in full from the collateral proceeds held in the Bank's escrow account. If at any time, the Borrower repays the Bank within the term of the loan or 24 months, whichever is shorter, the Bank shall return the collateral funds from the Bank's escrow account to the County.

FEES PAID BY BORROWER

No Loan fees, late charges or pre-payment penalties paid by Borrower.

LOAN DEFAULT

The Bank may declare a Borrower in default upon the Borrower's failure to comply with any term of the Loan, upon which its remedy shall be to first notify DeKalb County of the default and obtain authorization to (1) offer technical assistance to cure the default and/or (2) demand a refund/repayment of the Loan, with interest and costs of collection.

However, after the Deferral Period, if the loan payment becomes 60 days or more delinquent, the Bank is authorized, per the loan agreement, to pay off the loan in full from collateral proceeds held in the Bank's escrow account.

BORROWER CERTIFICATIONS

As part of your application, the Borrower will need to certify in good faith that:

- Current economic uncertainty directly related to COVID-19 makes the Loan necessary to support their ongoing operations.

- The funds will be used to retain workers and maintain payroll or to make mortgage interest, other business related debt interests, business lease payments, and/or business utility payments.
 - Borrower understands and agrees that they will not apply for another Loan under this program and will not receive another Loan under this program. Any amounts received under duplicative Loan applications shall be returned.
 - Borrower will provide to Bank documentation that verifies the number of full-time equivalent employees on payroll and the dollar amounts of payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities for the three months after getting this Loan.
 - All the information provided in the application and in all supporting documents and forms are true and accurate. Knowingly making a false statement to get a Loan under this program is punishable by law.
 - Borrower acknowledges that the Bank will calculate the eligible Loan amount using the required documents they submitted. They affirm that the documents are accurate and that tax documents are identical to those they submitted to the IRS. And they also understand, acknowledge, and agree that the Bank can share the required information with DeKalb County's authorized representatives for the purpose of compliance with Loan program requirements and all reviews and audits.
 - Borrower certifies that they will attend any required technical assistance courses as instructed by the County and acknowledges that compliance will be necessary for full Loan forgiveness.
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