

# Reading Small Business Emergency Fund

Powered by  COMMUNITY FIRST FUND



## Frequently Asked Questions (FAQ)

### 1. When will I be able to submit my application?

The application period opens on **Wednesday, May 27, 2020** and closes on **Wednesday, June 10, 2020**.

### 2. When will I find out if I was approved?

Applications will be reviewed once the application period closes. Our goal is to inform applicants of funding decisions by June 24.

### 3. I was approved. How long until I get my loan?

Bank ACH information will be collected in the application in order to expedite payment once approved. After a business is approved, submits all required paperwork, and signs an agreement, it will take 5-10 business days for funds to be received by the business via ACH transfer.

### 4. My business was deemed non-essential and was ordered to close. Am I still eligible for a loan?

Yes, businesses deemed essential and non-essential are eligible to apply. The program will prioritize applications from businesses in industries that have been most negatively impacted.

### 5. I am able to operate my business, but I've had to reduce staff due to a slowdown in traffic. Do I have to hire staff back if I get this money?

The program gives priority to businesses who demonstrate, to the best of their ability, a priority to create or retain employees during COVID-19.

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**6. If I applied for federal SBA grant funding/forgivable loan, can I still receive a loan from the City Fund?**

Businesses that have received an SBA Economic Injury Disaster Loan advance (grant) and/or an SBA Payroll Protection Program forgivable loan are eligible for this forgivable loan program. However, use of funds may not be a duplication of benefit.

**7. I own multiple businesses. Can I apply for assistance more than once?**

No. If you have multiple businesses that are separate legal entities in Reading you may not submit multiple applications. This rule is in place to ensure that as many business owners as possible may be helped with the funding available.

**8. My business has multiple locations. Can I apply more than once?**

No. If you have a single business entity that has more than one location in Reading, you may only submit one application to the fund for that entity. A unique business owner may only apply once regardless of number of businesses owned. Business owners with a minority business ownership interest are not permitted to apply separately; only one owner (w/ largest ownership interest) may apply.

**9. Do I need to be a Reading City resident?**

No, but your business must be physically located within the city limits of Reading, PA and file federal and state taxes.

**10. If I am an individual who files taxes as an independent contractor or sole proprietor (schedule C and 1099s to the IRS), am I still eligible as a business?**

The program will be open to sole proprietors and independent contractors; however, priority will be given to those who are located in census tracts with high poverty and/or those that sustain multiple sub-contractors during a normal business cycle (pre-COVID-19 levels). At this time the Ride Share and Home Sharing economy (Uber, Lyft, Airbnb, etc.) will not be prioritized.

**11. If my business has subcontractors (that file 1099, rather than a W2), should they be counted in the number of employees?**

No. However, they should be referenced in the narrative sections as applicable:

- “Please describe the current impact of COVID-19 on your business.”
- “How will you use these funds to help your business or retain staff?”

**12. If my business is new and does not yet have tax return documents, can I still apply?**

We will only accept applications from businesses that can submit a tax return from 2018 and/or 2019.

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**13. My business is a nonprofit. Can I apply?**

No.

**14. Can someone help me complete the application?**

If you need assistance completing the application or have questions as you prepare, contact:

- Yessenia Lefever, Community Lender: 717-723-6946

**15. My business is a corporation applying for a loan. Why am I being asked to fill out a consent form for a personal credit inquiry?**

If you are applying for a loan, we will pull a personal credit for any owner of the business with over 20 percent ownership. There is **no** minimum credit score for the loan program.

**16. How much money will be distributed in total as part of the Reading Small Business Emergency Fund?**

The fund is being launched with approximately \$1 million to be distributed in forgivable loans.

**17. How is this Fund being funded? How much is the City putting in? How much is coming from the private sector?**

The fund is launching with approximately \$1 million. Of this, the City is contributing a total of \$1 million; \$350,000 from City/DCED Funds and \$650,000 from City CDBG funds (CDBG Special Economic Development Activity Loan and CDBG Microenterprise Loan). There are no contributions from private funders at this time.

**18. How many businesses do you expect to distribute funds to?**

This will depend on the loan amounts and how many of each type of assistance is distributed. Generally, we anticipate approximately 100-200 businesses will receive funding with all the loans going to small businesses (those with annual revenue below \$1,000,000).

**19. Will the funds be distributed even if the order prohibiting non-essential businesses from operating remains in effect for weeks or months?**

Yes, they will. We will do everything we can to help businesses stay open and preserve jobs for as long as we can and hope that state and federal programs will augment our efforts.

**20. How long will applications be open?**

The application period will begin on May 27 and close on June 10.

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### **21. How will award decisions be made?**

This is not a first-come, first-served fund. All applications will be equitably considered based on the following characteristics:

- Financial strength and credit worthiness of the business and of the business owner.
- Longevity in business.
- Storefront businesses particularly those deemed essential such as grocery stores, auto repair and restaurants with take out services.
- Local economic and community impact of business.
- Businesses located in the Central Business District.
- Impact on the streetscape of Reading City.
- Number of employees.
- Likelihood of survival if these funds are received.
- Severity of current need.
- Historically disadvantaged populations.

### **22. What about a business with an existing Community First Fund loan? Will they be eligible for this financing? Will their current debt service be on hold?**

Those with existing loans are also eligible for this relief.

### **23. Who will review applications?**

Applications are being reviewed by a trained team of diverse Community First Fund staff members. Spanish applications will be reviewed by bilingual reviewers.

### **24. What additional documentation will be required if my business is approved?**

If approved for funding we will require the following documents:\*

- City of Reading Business Privilege License.
- Zoning Permit.
- Certificate of Occupancy.
- Current on all state and local taxes.
- Current on debt owed to the City.
- Disclose any conflicts of interest with the City or Community First Fund.
- Has a DUNS number.
- Confirm adequate insurance coverage.

\*There may be additional requirements

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### 25. Are there any businesses that are not eligible?

Most tax compliant businesses with less than \$1 million in annual revenue in the City of Reading are eligible to apply for assistance.

The following business entities are **not** eligible:

- Businesses that are not physically located within the City of Reading.
- Businesses that are in active default (not on a payment plan) with taxes or fees owed to the City of Reading.
- Non-Profits, churches and other religious institutions.
- Financial businesses primarily engaged in the business of lending, such as banks and finance companies.
- Real estate development or rental property businesses.
- Life insurance companies.
- Private clubs and businesses which limit membership for reasons other than maximum number of occupants allowed in the building.
- Government-owned entities or elected official offices.
- Businesses primarily engaged in political or lobbying activities.
- Businesses engaged in any illegal activity, socially undesirable or those that may be considered predatory in nature, such as pawn shops, rent to own, check cashing businesses and adult book stores.

### 26. What are the terms of forgiveness?

Loans will be eligible for forgiveness pending documented proof that funds were used as agreed **and** that the business re-opened (or remained opened) for a minimum of 90 days once COVID-19 restrictions are lifted. Businesses will be required to certify they were opened for operations for a period of at least 90 days. Community First Fund will review each loan's forgiveness eligibility by December 31, 2020.

#### NOTE:

***Community First Fund and the City of Reading created the Reading Small Business Emergency Fund to provide relief in the fastest, fairest, and most efficient way possible.***

***Businesses across the city and nation have been severely impacted, but please understand that this program will not have the funding available to help every business in Reading.***

***This is an unprecedented challenge and we will continue doing everything possible to identify and advocate for additional resources through federal, state, and other sources.***