

## **Berks County's Small Business Restart Loan (SBRL) Program**

**May 18, 2020**

*Program applications will be accepted beginning Monday, June 15, 2020 and will be made available on the Neighborhood Housing Services of Greater Berks website [www.nhsgreaterberks.org](http://www.nhsgreaterberks.org)*

### Mission of Berks County's Small Business Restart Loan (BC SBRL) Program

- Assist small business owners in Berks County to prepare for re-opening, rehire their employees, and restart their business operations during our economic downturn due to the COVID-19 pandemic.
- Support small business owners to “hit the ground running” when the Commonwealth of Pennsylvania and Berks County leaders lift “Stay at Home” orders.

### Protection of Public Health and Safety Objectives

- Expect all business owners to adopt CDC recommendations, state, and/or county public health and safety practices (i.e., social distancing, use of masks, latex gloves, and regular use of hand sanitizers, sterilized wet naps, frequent washing of hands with soap and water, etc.) to serve the public safely, and foster consumer confidence and patronage throughout Berks County.
- All loan applicants will be expected to refuse services to customers who do not abide by social distancing standards, and do not wear masks, latex gloves, and/or proper attire to protect business owners, their employee(s), and other patrons from the spread of COVID-19.

### Target Population

- Berks County businesses with a minimum of one (1) business owner and one (1) full-time equivalent (FTE) employee.
- Businesses with two to eight (2-8) employees.
- Businesses with annual gross revenues of \$500,000 or less (based on 2018 or 2019 Federal Tax returns data).
- Businesses located in Berks County and outside the City of Reading.
- Due to Berks County's federal funding source, businesses located in the City of Reading are not eligible; however, City of Reading businesses may be eligible for the City's small business loan program.

### Program Requirements

- Applications will be accepted by qualified for-profit, privately held small businesses that have been in business for at least one (1) year—as of April 1, 2020—and located in a municipality within the boundaries of Berks County, Pennsylvania.
- All qualified small business loan applicants must demonstrate and/or provide evidence of financial hardship or injury sustained from the COVID-19 pandemic.
- All loan applicants will be expected to develop, implement, and enforce his/her/their business' “Public Health and Safety Reopening Plan” to mitigate the spread of COVID-19.

### Eligible Loan Applicants

- For-Profit Businesses with a minimum of one (1) business owner and at least one (1) full-time, but no more than eight (8) equivalent (FTE) employee as of January, 2020;

- For-Profit Businesses with a maximum of 8 FTE employees (full-time and part-time) can be met with a combination of full-time and part-time employees (e.g., 8 FTE average number of employees);
- For purposes of Berks County’s Small Business Restart Loan (BC SBRL) Program, a full-time equivalent (FTE) employee is someone employed by the business owner(s) who works a regular schedule of 35 or more hours per week (Source: U.S. Department of Labor, Wage and Hour Division);
- For-Profit Businesses with annual gross revenues of \$500,000 or less (based on 2018 or 2019 Federal Tax returns data);
- For-Profit Business owners who reside and operate a business primarily in a municipality of Berks County and outside the City of Reading;
- For-Profit Businesses must have a physical address in a municipality within the corporate limits of Berks County (and outside the City of Reading);
- For-Profit Businesses must have a current, valid business license and/or required permit(s) to transact commercial activity legally within their industry sector, and as required by their municipality, Berks County, and/or the Commonwealth of Pennsylvania (NOTE: Most business licenses can be obtained by filing Form PA-100, Pennsylvania Enterprise Registration, and license and permit authority [i.e., licenses for certain type of businesses, and permits for building, electrical, plumbing, occupancy, zoning, health, etc.] rests with the individual municipalities, and are all issued locally, not by Berks County);
- For-Profit Businesses shall agree to create or retain a minimum of one (1) job which is available to or held by LMI persons by March 2021;
- For-Profit Businesses shall agree to rehire or retain the same number of employee job(s) that existed in January 2020 by January 2022;
- For-Profit Businesses shall provide a job summary and a verification report after loan funds are disbursed and expended by December 31, 2020. This required summary and verification report must indicate how the loan funds were spent, provide supporting documentation (i.e. payroll records of LMI persons rehired or retained, etc.), and annual job retention data. Failure to submit these job summary and verification reports (i.e., payroll and job retention reports) to BCRA and/or its lending agency will result in the borrower having to repay the loan principal in full;
- For-Profit Businesses shall certify to the development, implementation, and enforcement of his/her/their business’ “Public Health and Safety Reopening Plan” to mitigate the spread of COVID-19.
- Only one business loan will be awarded to an eligible business owner(s) who owns multiple businesses with 51 percent controlling interest in Berks County.

#### Ineligible Loan Applicants

- Franchisors;
- Hotels or Motels;
- National/Regional Chain Businesses;
- Financial/Lending Institutions;
- Private Membership or Fraternal Organizations/Businesses;
- Adult-Oriented Businesses;
- Federally Prohibited Businesses;
- Businesses that derive 30 percent or more of their annual gross revenues from legal gambling (Pennsylvania Lottery)
- Business owner(s) seeking multiple business loans with 51 percent ownership control in more than one business;\*

- Business owner(s) cannot be delinquent on taxes to Federal, Commonwealth of Pennsylvania, Berks County, and other municipal sub-divisions of the state or county prior to the COVID-19 pandemic;
- Business owner(s) cannot be in default of any loan agreement, lease, or financing agreement with creditors prior to COVID-19 pandemic;
- Business owner(s) cannot be the subject of an existing judgement, mortgage property lien, or bankruptcy that has not been cured;
- Business owner(s) cannot be in default of a Federal, State, County, and/or Municipal government loan(s); and
- Businesses owned in part or fully by Berks County and related municipalities' staff, administrative, or leadership employees.

\* NOTE: Only one (1) business loan will be awarded to an eligible business owner(s) who own/s multiple businesses with 51 percent controlling interest in Berks County;

#### SBRL Program Components, Timelines, and Details:

- 0% interest loan for 5 years (60 months) with no payment for the first 2 years (months 1-24).
- The borrower would begin to repay their loan during the last three years of the five-year loan period.
- loans from \$2,500 - \$10,000.
- Loan Application Deadline: June 19, 2020 (estimated).
- Disbursal of Loan Program Funds to Approved Applicants: July 6, 2020 (estimated).

#### Permitted Uses of Loan Funds for Restarting Business Operations and Related Expenses:

- **Rent/Mortgage Payment** – business location expenses from July 1, 2020 forward.
- **Payroll Costs** – personnel expenses from July 1, 2020 forward.  
NOTE: No more than 15% of eligible payroll costs can be used to pay the business owner(s) beyond what was previously reported for annual income on federal and state tax returns, and/or most recent financial records (e.g., balance sheet, P&L Statement, payroll records, W-2 Forms, etc.).
- **Inventory or Supplies Costs** – expenses needed to restart business operations from July 1, 2020 forward.
- **Utilities Costs** – expenses to reopen business operations from July 1, 2020 forward. Utilities must be directly tied to the business operations and/or physical location.

#### “50 Percent Loan Forgiveness Policy”

1. For a business owner(s) to qualify for **“50 Percent Loan Forgiveness”** of the loan amount received, the business owner(s) must meet **Required Factor 1** and **Required Factor 2** or **Required Factor 3** below:

**Required Factor 1.** All loan award recipients must use these funds prior to December 31, 2020, and for resumption of business operations.

**AND**

**Required Factor 2.** The business generates 10 percent higher 2022 average monthly gross revenues (Jan. 1 – July 31, 2022) than what was earned and reported during the 12-month average gross revenues in the 2019 Federal Tax Return.

**OR**

**Required Factor 3:** Hire one (1) additional full-time equivalent employee (FTE) in 2021 and retained in 2022 (i.e., compared to the business' average number of FTE employees in January, 2020).

**NOTE:** Ideally, all business loan recipients/awardees will meet Required Factor 1 and Required Factor 2 or Required Factor 3. These operational results for a business loan awardee in 2022 would be exceptional and worthy of the "50 Percent Loan Forgiveness Policy" benefit.

2. What happens if the business owner does not qualify for 50 percent loan forgiveness?

If the business owner does not meet Required Factor 1 and Required Factor 2 or Required Factor 3 (above), then 50 percent of loan amount will not be forgiven. Moreover, the borrower will have to repay the full amount of the 5-year loan agreement during the last three years (months 25 - 60) of the loan with no interest.