

Let's Keep Connected (LKC)

Thursday, April 9, 2020 - 11:30am

Speakers:

Brad Attig, Corvallis Foundry (moderator)

Marty Golden, District Director of SBA

Michael Jonas, Rational Unicorn Legal Services

Kate Porsche, Corvallis-Benton County Economic Development Office

Vanessa Spriet, owner of Hello Medio

Allison Lamplugh, owner of Lamplight Creatives

Key Points:

1. Highlights of SBA loan programs and some questions answered.
2. Discussion on commercial renters' rights and what they should be aware of.
3. Advice on what to do and not to do for running raffles or contests online.
4. Update from Corvallis-Benton County Economic Development Office

Summary:

1. Highlights of SBA loan programs and some questions answered.

Marty Golden, district director of the U.S. Small Business Association's Portland office. His office covers 30 of 36 counties in Oregon and some counties in southwest Washington. The CARES Act only came into being about two weeks ago, so there's been a very short amount of time to put these programs together. SBA is working to hire more people and expanding staff to provide more services.

Explanation of programs:

- Debt program for folks that have existing 7A loans. SBA will be making all principle and interest payments on those loans for the next six months. The SBA will be working with banks on that.
- EIDL and PPP: The major distinction between those two programs is that one is done through SBA and one is done through local banks.
- EIDL: Up to two million dollars at 3.75% interest rate. Repayment is either 15 or 30 years. Doesn't require a personal guarantee unless the loan is over \$200,000 and collateral is not required unless the loan is over \$500,000. It's likely that the SBA will not turn down a loan for lack of collateral. Apply for the loan online through www.sba.gov. It shouldn't take more than 15-20 minutes. You will get a loan number back after you have completed the application and then you'll be contacted by a loan officer. Based usually on 6 months of previous records. Possibility of up to \$10,000 advance. That comes through in about three business days. The rest will come later. The first \$10,000 is forgivable.

- PPP: Intent is to reemploy or keep employed employees of small businesses. No collateral. No guarantees. Applicants should go through banks to apply for it. There are limitations to what the money can be used for so make sure you understand the terms before spending the money.
- You can apply for both the EIDL and the PPP, but you can't use the funds for the same thing, i.e. can't use them both for payroll.

Questions

Q: Is there anything coming down the pipe that helps very small businesses, i.e. businesses with under 10 employees?

A: The plan has always been "up to \$10,000" through the EIDL loan. At this time there is no new information that the general public doesn't already have. Just have to wait and see about the next stimulus bill.

Q: If you made a mistake, should you reapply or is there a way to edit the application?

A: If you applied on the new portal and got a new number, you should be able to just clarify with the loan officer. Make sure you're very clear when you speak with them.

Q: For someone who turned in the EIDL application on March 31st and received an application number for EIDL but nothing since, what should I do?

A: The SBA is backlogged and trying to catch up. If you have a loan number, you're in the system, so you just have to wait.

Q: I got a notification that the \$10,000 was approved and I'm wondering when the money will come through.

A: The SBA is advertising 3 business days, but it's taking longer for the first group of applicants.

Q: Can you apply for both EIDL and PPP?

A: Yes. If you got the EIDL before the PPP, they'll refinance the EIDL. Just make sure that you're not using them for the same items. If you don't, you'll jeopardize the terms of the loan forgiveness.

Q: For payments of interest and loans that the SBA will be making, as Marty referred to early on. Do we need to do anything for that?

A: SBA will be making those payments and you'll never see a bill.

Q: Can EIDL loans be used for credit card debts or accounts payable?

A: Cannot be used for long term debt, so debts going back over a year or more are not to be paid with this loan, but credit cards and accounts payable are okay.

Q: Question from independent contractors. Is salary forgivable?

A: Yes, but with some caveats.

Q: The online system for banks to submit PPP applications, is that up and running yet?

A: Yes. That's been up and running for a few days.

Q: If you're approved for a PPP, do you have to take the full amount you're approved for?

A: No.

Q: I filled out the old application, but only received an application number and haven't heard anything else, do I need to reapply?

A: If you're already talking to a loan officer, you don't need to reapply. Unless you applied under the new system, in which case, you just need to wait.

Q: Are you recommending that someone applies for the loan, even if you still have questions and just wait and ask the loan officer?

A: Try to find all those answers before you apply for the loans. If you have questions, call the SBA first and see if you can get answers before you fill out the application.

Recommendation from Brad to use the SBDC advisors. Local advisors through LBCC can be contacted [here](#). Office of Small Business Assistance has been referring people to SBDC's

Keep shopping for institutions. Changes frequently so you need to keep on it.

2. Discussion on commercial renters' rights and what they should be aware of.

Michael Jonas, Rational Unicorn Legal Services, to talk about landlord tenant relationships and the relevant legal issues. Michael discussed the recent state orders regarding evictions. Oregon Governor Kate Brown released a residential moratorium in March and on April 1st, Gov. Brown released a 90-day moratorium on commercial evictions, covering April, May, and June. It says that if you are a commercial tenant with a commercial lease, you cannot be evicted for the non-payment of rent if part of your issue of payment is related to COVID-19. If you are able to show/prove that part of your payment issues are COVID related, you qualify.

Michael advises that there are a few rules you should be paying attention to, if you are a commercial renter. Within 30 days or less of nonpayment, by or before the end of those days, you must give your landlord documentation of your inability to pay. That can come in many forms. You also must give your landlord "reasonable notice" of your inability to pay. It is NOT debt relief, meaning that the rent is still owed once the moratorium is up. At the end of the 90-day period, you must pay the balance of your lease. So you should figure out some agreement with your landlord for how to pay down the balance.

However, for landlords, the hard part is making mortgage payments. There is no provision in the CARES act that gives mortgage forbearance for commercial property owners. It's possible the landlord could apply for an SBA loan. Rational Unicorn Legal Services does community property law so they can help with questions. Michael's last piece of advice to business owners is that if you can hang on, as a business owner, you should hang on and get advice on what to pay, focus on, etc. Be proactive on understanding resources and regulations.

Property managers can apply for SBA loans. Pay attention to what protections are in place and be aware of the regulations and how to follow them.

Q: Is the pandemic considered an "Act of God"?

A: Yes, it can be. However, you must have the force majeure clause in your contract prior to the pandemic. You should have a public health emergency or a government order in your lease contract.

Q: Some banks are modifying mortgages to create relief for property owners. Are you aware of any federal efforts to expand this to all lenders?

A: No concrete information yet, but there is talk of relief in the follow-up CARES Act.

Contact information for Michael: <https://rationalunicornlegalservices.com/>

3. Advice on what to do and not to do for running raffles or contests online.

Vanessa Spriet, owner of Hello Medio based out of Baker City, Oregon.

A lot of small businesses are using their social media platform to engage with their customers through raffles or contests. However, there can be some legal issues with doing that because of the terms and conditions of the social media platforms. There are a few sites that can help run those events without running into legal issues, for example Woobox.com. Their blog is:

<https://blog.woobox.com/2019/09/social-media-contest-rules-starter-template-example-guide/>

Business owners should remember that doing these kind of raffles on a social media platform without a third party is considered a form of gambling.

Four suggestions for businesses that want to do this kind of promotion:

1. Build either a contest or a sweepstakes with a third party platform
2. Do not require a purchase to participate in the contest
3. Create and publish official contest rules.
4. Create a privacy policy.

Allison Lamplugh, owner of Lamplight Creatives. Again wants to remind businesses owners to make sure you're following state and federal guidelines and that you're using the platform's tracking and guidelines. You should have control over the campaign you're trying to run. A few different resources for businesses:

- For businesses to sell gift cards online: Gift Up at <https://www.giftupapp.com>.
- For fundraising or crowdsourcing: www.GiveButter.com. People can donate, fundraise, or host events.
- Square Space is also offering their platform for free during the pandemic.
- WordPress is also able to offer online shopping platforms.

4. Update from Corvallis- Benton County Economic Development Office

Kate Porsche, Director for Corvallis-Benton County Economic Development Office. The EDO, and their partners, have put together a [draft template letter](#) for tenants to start the conversation with their landlords about non-payment.

A few highlights from the EDO:

- Corvallis-Benton County EDO website: www.yescorvallis.org/resources
- There is an open businesses retail guide on the website
- For help with small business loans, you can contact Anne at AnneSBDC@gmail.com
- The EDO has a general email at Economic.development@corvallisoregon.gov
- EDO partnering with Latinx business owners on a virtual platform. Date/time TBD.
- The EDO is maintaining lines of communication with regional, state, and federal partners to help shape policies for businesses. We're listening, we're reading emails, and we're taking phone calls and taking what we hear from you and filtering that up.