

Our Experts Help

No matter where you are in the business life cycle, our professional business consultants have the real-world experience and expertise to help you make the right business decisions. Our consultants' expertise focuses on areas that are vital to owning and operating a successful business, including:

- Strategic market research
- Market expansion and revenue growth
- Business and strategic plan development
- Access to capital and loan packaging assistance
- Financial analysis and assessment
- Accounting systems and financial literacy
- Feasibility analysis and start-up assistance

In addition to our core service offerings of consulting (provided at no cost), training, and business research, specialized services are also available for qualified Kentucky businesses looking to accelerate market growth.

Your Success is Our Success

It is great to have services like the SBDC available to help with the process of getting a commercial loan. Mark Murphy was great, he answered all of my questions and helped with every thing I needed!...**Michael Snedegar, Shade Tree Hunting Supplies, Mount Sterling, KY**

Michelle Spriggs and the Paintsville SBDC have been instrumental in assisting me with the challenges I have encountered in my business and the growth I have experienced...**Kathy Welch, Genesis Billing and Solutions, Prestonburg, KY**

at Morehead State University



Morehead State University SBDC
149 East Main Street
Morehead, KY 40351
p. 606.783.2895
Email: sbdc@moreheadstate.edu

Visit us online or contact your local office and get started on your path to success today.

KSBDC.org



The KSBDC Network is funded in part through a cooperative agreement with the U.S. Small Business Administration (SBA). All opinions, conclusions or recommendations expressed are those of the author(s) and do not necessarily reflect those of the SBA. Reasonable accommodations for persons with disabilities will be made if requested at least two weeks in advance. Contact your local SBDC to make accommodations.



KENTUCKY

Small Business Development Center



Discover premier tools,
strategies, and expertise to
Accelerate Business Growth
Right Here, Right Now.



KSBDC.org

Let a KSBDC Expert Guide You Through Your Business' Life Cycle

Growing Kentucky businesses for more than 35 years

The Kentucky Small Business Development Center network has 15 offices serving the needs of 120 counties across the Commonwealth's business community. Since 1981, our network of partners has helped construct a statewide ecosystem to foster the spirit, support, and success of hundreds of thousands of entrepreneurs and innovators—just like you.

Knowledge Is Power

Motivated entrepreneurs and emerging business owners have access to our team of experienced business consultants and specialists to help accelerate business growth and expansion. Our consultants bring local businesses access to a network of state and national experts and resources needed to compete in today's global marketplace. Additionally, our consultants live and work in the communities in which they serve, ensuring the regional knowledge and a vested interest in your success.

Whether you're an existing business, or you're finding your entrepreneurial spirit for the first time, the Kentucky Small Business Development Center can help you on your path to success.

The KSBDC has access to robust databases, business research resources, and knowledgeable experts who can help you successfully navigate the obstacles that come with starting, funding and growing a business the smart way.

With over three decades of experience, the KSBDC is growing Kentucky's economy by cultivating existing companies, nurturing new ventures, promoting the creation of jobs and increasing business profitability.

KSBDC has the Tools you need for Success.



Mark Murphy
Morehead State
SBDC Director

Mark Murphy has been with the Morehead State University SBDC since April 2010. Mark has a B.B.A. in Marketing and M.B.A. from Morehead State University and is an Accredited Business Planning

Advisor. As a result of Mark's professionalism and devotion to servicing the business community, he has a trophy case filled with several prestigious KSBDC awards including: Million Dollar Club, Team Player Award, and the 2013 Sutton Landry State Star –the KSBDC's top award.

Starting Smart

Have you been thinking about turning your dream into reality? Turning an idea into a business is an exciting, but stressful experience. The KSBDC provides tools and resources for start-ups; from business plans to financial needs, to help you evaluate your business idea, make sound business decisions, and pursue your dream of business ownership.

Once your business is open, how do you attract customers, manage daily operations, and plan for the future? The KSBDC has the resources and experts to guide you in this formative stage of business—where business decisions often mean the difference between business success and failure.

Funding Smart

You may find you need additional funds to open your business. In most cases, you will approach a banker for a loan, however other funding opportunities may be available. KSBDC experts can explain the financing options in your community and prepare you to meet with the right lenders for your business.

Growing Smart

Your business is well-established and customers are returning. Business is good, but not growing. There comes a time in every business when change is needed. How can you take it to the next level? KSBDC professional business consultants work one-on-one with motivated businesses who want to grow and expand. Our consultants help find new business advantages through research, then design and implement sustainable strategies to help your business achieve its growth potential. KSBDC works with businesses to identify new opportunities, improve operations and plan for the future.



KSBDC.org

SBA Disaster Loan Economic Injury Disaster Loan (EIDL)

<https://www.sba.gov/funding-programs/disaster-assistance>

Online Application

<https://covid19relief.sba.gov/#/>

Paycheck Protection Program (PPP)

<https://home.treasury.gov/policy-issues/top-priorities/cares-act/assistance-for-small-businesses>

SUBJECT TO CHANGE

Economic Injury Disaster Loan (EIDL)

- Eligibility: Businesses with 500 employees or fewer.
- Up to \$2 million can be provided to help meet financial obligations and operating expenses that could have been met if the disaster did not occur.
- The interest rate on EIDLs will be 3.75% interest rate for small businesses.
- The term of these loans will be up to 30 years.
- No personal guarantee or collateral up to \$200k

(EIDL) Advance

- For those that apply for the Economic Injury Disaster Loan (EIDL), an advance of up to \$10,000(looking like \$1000 per employee)
- The advance does not need to be repaid, even if the grantee is subsequently denied an EIDL.
- Funds can be used to provide paid sick leave to employees, maintain payroll, meet increased production costs due to supply chain disruptions, or pay business obligations, including debts, rent and mortgage payments.
- Eligibility: Advances are available to small businesses, sole proprietors, independent contractors, tribal businesses, as well as cooperatives and employee-owned businesses in operation on January 31, 2020.

SMALL BUSINESS PAYCHECK PROTECTION PROGRAM

The Paycheck Protection Program provides small businesses with funds to pay up to 8 weeks of payroll costs including benefits. Funds can also be used to pay interest on mortgages, rent, and utilities.

Fully Forgiven

Funds are provided in the form of loans that will be fully forgiven when 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.

Must Keep Employees on the Payroll—or Rehire Quickly

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.

All Small Businesses Eligible

Small businesses with 500 or fewer employees—including nonprofits, veterans organizations, tribal concerns, self-employed individuals, sole proprietorships, and independent contractors—are eligible. Businesses with more than 500 employees are eligible in certain industries.

When to Apply

Starting April 3, 2020, small businesses and sole proprietorships can apply. Starting April 10, 2020, independent contractors and self-employed individuals can apply. We encourage you to apply as quickly as you can because there is a funding cap.

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. All loans will have the same terms regardless of lender or borrower. A list of participating lenders as well as additional information and full terms can be found at www.sba.gov.

The Paycheck Protection Program is implemented by the Small Business Administration with support from the Department of the Treasury. Lenders should also visit www.sba.gov or www.coronavirus.gov for more information.

PAYCHECK PROTECTION PROGRAM (PPP) INFORMATION SHEET:

BORROWERS

The Paycheck Protection Program (“PPP”) authorizes up to \$349 billion in forgivable loans to small businesses to pay their employees during the COVID-19 crisis. *All loan terms will be the same for everyone.*

The loan amounts will be forgiven as long as:

- The loan proceeds are used to cover payroll costs, and most mortgage interest, rent, and utility costs over the 8 week period after the loan is made; and
- Employee and compensation levels are maintained.

Payroll costs are capped at \$100,000 on an annualized basis for each employee. Due to likely high subscription, it is anticipated that not more than 25% of the forgiven amount may be for non-payroll costs.

Loan payments will be deferred for 6 months.

When can I apply?

- Starting April 3, 2020, small businesses and sole proprietorships can apply for and receive loans to cover their payroll and other certain expenses through existing SBA lenders.
- Starting April 10, 2020, independent contractors and self-employed individuals can apply for and receive loans to cover their payroll and other certain expenses through existing SBA lenders.
- Other regulated lenders will be available to make these loans as soon as they are approved and enrolled in the program.

Where can I apply? You can apply through any existing SBA 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. Visit www.sba.gov for a list of SBA lenders.

Who can apply? All businesses – including nonprofits, veterans organizations, Tribal business concerns, sole proprietorships, self-employed individuals, and independent contractors – with 500 or fewer employees can apply. Businesses in certain industries can have more than 500 employees if they meet applicable SBA employee-based size standards for those industries (click [HERE](#) for additional detail).

For this program, the SBA’s affiliation standards are waived for small businesses (1) in the hotel and food services industries (click [HERE](#) for NAICS code 72 to confirm); or (2) that are franchises in the SBA’s Franchise Directory (click [HERE](#) to check); or (3) that receive financial assistance from small business investment companies licensed by the SBA. Additional guidance may be released as appropriate.

What do I need to apply? You will need to complete the Paycheck Protection Program loan application and submit the application with the required documentation to an approved lender that is available to process your application by June 30, 2020. Click [HERE](#) for the application.

What other documents will I need to include in my application? You will need to provide your lender with payroll documentation.

Do I need to first look for other funds before applying to this program? No. We are waiving the usual SBA requirement that you try to obtain some or all of the loan funds from other sources (i.e., we are waiving the Credit Elsewhere requirement).

How long will this program last? Although the program is open until June 30, 2020, we encourage you to apply as quickly as you can because there is a funding cap and lenders need time to process your loan.

How many loans can I take out under this program? Only one.

What can I use these loans for? You should use the proceeds from these loans on your:

- Payroll costs, including benefits;
- Interest on mortgage obligations, incurred before February 15, 2020;
- Rent, under lease agreements in force before February 15, 2020; and
- Utilities, for which service began before February 15, 2020.

What counts as payroll costs? Payroll costs include:

- Salary, wages, commissions, or tips (capped at \$100,000 on an annualized basis for each employee);
- Employee benefits including costs for vacation, parental, family, medical, or sick leave; allowance for separation or dismissal; payments required for the provisions of group health care benefits including insurance premiums; and payment of any retirement benefit;
- State and local taxes assessed on compensation; and
- For a sole proprietor or independent contractor: wages, commissions, income, or net earnings from self-employment, capped at \$100,000 on an annualized basis for each employee.

Does the PPP cover paid sick leave?

Yes, the PPP covers payroll costs, which include employee benefits such as costs for parental, family, medical, or sick leave. However, it is worth noting that the CARES Act expressly excludes qualified sick and family leave wages for which a credit is allowed under sections 7001 and 7003 of the Families First Coronavirus Response Act (FFCRA) (Public Law 116–127). Learn more about the FFCRA’s Paid Sick Leave Refundable Credit [online](#).

How large can my loan be? Loans can be for up to two months of your average monthly payroll costs from the last year plus an additional 25% of that amount. That amount is subject to a \$10 million cap. If you are a seasonal or new business, you will use different applicable time

periods for your calculation. Payroll costs will be capped at \$100,000 annualized for each employee.

How much of my loan will be forgiven? You will owe money when your loan is due if you use the loan amount for anything other than payroll costs, mortgage interest, rent, and utilities payments over the 8 weeks after getting the loan. Due to likely high subscription, it is anticipated that not more than 25% of the forgiven amount may be for non-payroll costs.

You will also owe money if you do not maintain your staff and payroll.

- Number of Staff: Your loan forgiveness will be reduced if you decrease your full-time employee headcount.
- Level of Payroll: Your loan forgiveness will also be reduced if you decrease salaries and wages by more than 25% for any employee that made less than \$100,000 annualized in 2019.
- Re-Hiring: You have until June 30, 2020 to restore your full-time employment and salary levels for any changes made between February 15, 2020 and April 26, 2020.

How can I request loan forgiveness? You can submit a request to the lender that is servicing the loan. The request will include documents that verify the number of full-time equivalent employees and pay rates, as well as the payments on eligible mortgage, lease, and utility obligations. You must certify that the documents are true and that you used the forgiveness amount to keep employees and make eligible mortgage interest, rent, and utility payments. The lender must make a decision on the forgiveness within 60 days.

What is my interest rate? 1.00% fixed rate.

When do I need to start paying interest on my loan? All payments are deferred for 6 months; however, interest will continue to accrue over this period.

When is my loan due? In 2 years.

Can I pay my loan earlier than 2 years? Yes. There are no prepayment penalties or fees.

Do I need to pledge any collateral for these loans? No. No collateral is required.

Do I need to personally guarantee this loan? No. There is no personal guarantee requirement. ***However, if the proceeds are used for fraudulent purposes, the U.S. government will pursue criminal charges against you.***

What do I need to certify? As part of your application, you need to certify in good faith that:

- Current economic uncertainty makes the loan necessary to support your ongoing operations.
- The funds will be used to retain workers and maintain payroll or to make mortgage, lease, and utility payments.
- You have not and will not receive another loan under this program.
- You will provide to the lender 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 eight weeks after getting this loan.

- Loan forgiveness will be provided for the sum of documented payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities. Due to likely high subscription, it is anticipated that not more than 25% of the forgiven amount may be for non-payroll costs.
- All the information you provided in your application and in all supporting documents and forms is true and accurate. Knowingly making a false statement to get a loan under this program is punishable by law.
- You acknowledge that the lender will calculate the eligible loan amount using the tax documents you submitted. You affirm that the tax documents are identical to those you submitted to the IRS. And you also understand, acknowledge, and agree that the lender can share the tax information with the SBA's authorized representatives, including authorized representatives of the SBA Office of Inspector General, for the purpose of compliance with SBA Loan Program Requirements and all SBA reviews.