



1. We've been in business for over a decade. The application portal asks if we have a business plan — are we required to have one? We had one when we launched in 2010, but it has not been updated. Will answering "No" impact our eligibility?

It shouldn't impact your eligibility. You should be able to get through the process without a business plan. I think it just asked for those business owners that are similar to that description that was just given. If you haven't, it's useful. We'd like to see it even if it's a little bit dated. So it definitely won't DQ you or disqualify you from the process.

2. Does your credit get impacted by applying for the loan? If so, can you build a business credit with the loan?

So I think there's two questions there. I want to answer both of them. Your personal credit, we're going to pull personal credit for those business owners that are for profit. And generally, when you do a pull on personal credit, there is a modest impact on credit, although you're getting a loan for 4%, or 3% fix. So I would just encourage everybody to understand that, you know, the cost of a modest impact here credit are kind of associated with our worth of the award. So yeah, there might be a little bit of a ding on your personal credit, because we do have to do a pull on that personal credit. The good news is that we will be reporting the performance on this loan to the respective credit agencies. So that should actually help you when it comes to building both personal and business credit because you'll be paying back on a loan and performing on a loan and every time you pay back on a loan that generally helps your personal credit and business credit score.

3. I am looking for funding, since when the situation will be getting better is unknown. Getting a loan is making us very nervous, any suggestions?

Yeah, I mean, I was talking to a business banker today about that similar theme, we totally understand that there's a lot of volatility right now. And it's hard to make a decision when there's so much that's unknown. And I think we've all felt like a form of a two-year purgatory. So we get that, that this program is designed to be fast, efficient, it's designed to be easy to access. And so I would just encourage the business owner, with a flexible use, like working capital, the decision doesn't have to be as momentous as say, as if you are buying a piece of real estate or if you were buying a piece of equipment. So the program is designed for those business owners that are trying to face down some of this uncertainty. So I would encourage you to apply. The nice thing too, is you don't even have to commit to an approved loan. So you go through the application process. And you know, maybe you feel more comfortable after working with your lender and you decided you want to, you know, accept that loan. Or maybe you decide not to, but you're not any worse off, because you've learned a little bit more about your business and about a loan application process.



4. Can I still apply if I received other COVID related funding?

Yes, you can still apply. If you've received, you know, some of the big ones that we were talking about was PPP or EIDL. We just want to know about it, how much and when it happened, just to remind everybody, you couldn't apply for a second flex fund loan. So just keep that in mind. But you can apply if you've received other forms of COVID relief. In fact, I would encourage everybody to think about this as part of kind of a capital continuum of COVID relief. So you should really evaluate yourself of the respective programs that are out there, because I think one program in and of itself isn't going to be sufficient enough to see everybody through especially business owners and nonprofits through this current crisis.

5. Can I use the money for growth related costs, like bringing on new employees or opening a new location?

Remember working capital, there's a lot that falls into that catchment. So if you're using these funds for operating expenses, or you're using it for bringing on new employees after you had to let employees go in the face of COVID, now you're kind of repositioning yourself, that would be an eligible use. So the reason we had the working capital slide is because we find that sometimes business owners really can overthink this a lot. So don't over underwrite or underwrite yourself out of the program. It's a light underwrite. It's designed to be that way, the uses specific to working capital are designed to encompass quite a bit.

6. Since the loan factors in my personal credit score as the business owner, if one of my partners has a higher credit score, could I have her instead, apply?

Our magic rule gets back to that 20%. So if you're 25%, or more owner, and you have a partner, 20% or more owner, we're going to pull those. So that's kind of the magic rule. If somebody is below 20%, we will not pull their credit.

7. I'm not sure if I qualify for minority status. Who can I talk to in order to determine this? You could go to the Department of Commerce to determine that.

When you get to the next question, after that one, you'll see a list of the 10. This is just, again, just a demographic question. So they can see a list of that. Again, generally, the geography is not a criteria, obviously racial identity is an identity. But there is the next page of the application that has those. Okay, I would just echo from commerce point of view is exactly what Chuck said, for sure. It tracks on the census to that trend, and just so people know, there's no advantages or disadvantages depending on where you're from, or what your ethnicity is. It's just a demographic data counting question.



8. Is there support for Educational and Language services - connectors to Immigrant Owned businesses and educational support to their families (as Independent Contractors)?ESL and Culture Coaches?

I think the question is, if there's a corporate environment and businesses this, obviously, if you're never going on business, you could definitely apply through this program. I don't know if that would be specific support for known businesses, but you're definitely eligible. So definitely apply through this program.

I think that (ESL and Culture Coaches) would fall under working capital. So you probably would be able to be funded for that. This is actually a good point that it just to ascribe the fact that the program, you know, if you need some assistance, but the second language that's available as well, too, we provide, you know, Spanish speaking and some other languages that we have at NEC, in order to assist people that, you know, English might be a second language, and they feel more comfortable speaking in their first language, which we totally understand and support.

9. I was in business a little over a year when Covid hit. However, I was impacted enough to get set back to startup numbers. How would you determine what I could be eligible for based on a pretty minimal last 12 months from now?

I think that's the beauty of the program, in the sense that and this gets a little more into the weeds, which is perfectly fine. We underwrite based on three periods that I was describing in the document collection, side 2019 2020 and 2021. The reason we're collecting those periods is because we realize 2019 might show a more positive outlook, because people are unimpacted by COVID. So that's where we make our decision on. So if something happened in 2020, especially or even through 2021. But we really want to understand is what happened, why and why this business is going to benefit from this loan and be repossessions that it can pay it back. So we're making our decision when it comes to repayment ability on the good year in 2019. Not on the bad years and 2020 and 2021.

10. Is there a pre prepayment penalty for this loan?

There is not so you can pay back at any time, especially if you have you know, if you benefit from this loan, and you start having a good couple years, you know, the rate is fixed and the term was reasonable. But you might just not want to deal with the payment, we understand that there's no penalty to pay back a loan.

11. We qualified for a higher loan amount, but chose to be conservative and took out a smaller loan? Is there any way to get additional funding?

I believe there is actually so you can come back to us whoever your lender was, and you can talk to them about that decision.



12. If a nonprofit has a fiscal sponsor, should the fiscal sponsor be the one applying for the loan?

No, but we will collect some information about the fiscal sponsor for sure. So you apply as the nonprofit. But we've seen that before where some nonprofits have a fiscal sponsor.

13. Can a sole proprietor of a for profit business apply? And what advice would you give to a small business who is seeking COVID really fun COVID Relief Loans but has low cash flow in 2019 to 2020.

Definitely. And then if you have low cash flow in 2019, don't underwrite yourself out. The program is designed to be flexible and approachable. So we're going to look at everything we can to try and get towards. Yes, this is why I know I sound like a little bit of a broken record. But don't underwrite for yourself, go through the process. Even if it's a no, we're not going to upset by that. And we can at least give you some steps to describe how you can get towards a yes in the months to come.

14. It was stated that no collateral is required. But Connor also noted that a UCC lien on business assets Please clarify the application does ask us to provide what collateral we have to support the loan.

I think there's two parts, when you go through that initial kind of checklist in the kind of application portal, it asks about collateral. Although that is, I want to be clear, that's not used in our decision. So answer the question, but then move on a UCC filing on business assets. What we mean by that is, we're just going to take our filing and backup whoever exists up there on the business assets in the eyes of a lender, that's probably pretty valueless. And what we're trying to say is, if you're a small business concern, you might have, let's say you have a leased space, and you have some tables, chairs, computers, and that's basically you use a little bit of financing prior to, to build out that space. Well, if you did, that you already have a lender in first position on those respective assets. And also those assets like the leasehold improvements, name a dry wall for the tables and chairs and the eyes of the lender, us they have very little value to us. All we're doing as a lender in order to secure the loan is we're taking a filing a blanket filing, and back of whomever already exists, whatever a lender already exists. And we're just doing that to memorialize and secure our lien position specific to the loan funds that we're extending to you. So don't overthink that one too much. It's pretty standard in the lending world. Will it be more onerous and more painful would be if we were exploring other types of assets like personal house, personal assets and personal residences. And to be very clear, this program is not doing that all we're doing is taking a lead position and back of debt that probably already exists, and a lien on business assets that in the eyes of lender do not have a tremendous amount of value.

15. Are there any closing costs?

There are closing costs, but they'll be described to you through the loan application process.