



SOUTHWEST ARKANSAS ELECTRIC COOPERATIVE CORPORATION REA

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We hope you continue to keep yourselves and your families safe during this unprecedented global health crisis. As a member-owned cooperative, our commitment is to our members. Small businesses, sole proprietors, independent contractors, and individuals make up more than our membership – they make up our communities.

Many small businesses have been forced to close their doors or limit service to best protect our communities. Many individuals have been left without a steady income. We want to make sure our members have the information they need to weather this storm and to know Southwest Arkansas Electric Cooperative Corporation is here to provide you with the best service we can.

The federal government passed a bi-cameral and bi-partisan agreement called the Coronavirus Aid, Relief, and Economic Securities Act of 2020 (“CARES Act”). The CARES Act is intended to help families and companies affected by the coronavirus disease 2019 (COVID-19) outbreak. If you or your business has been impacted, please see the information below, as you may qualify for relief.

Paycheck Protection Program

If you are a small business owner with 500 employees or less, you could be eligible for the new lending program, called the Paycheck Protection Program, which provides for expanded eligibility for SBA 7(a) loans, and provides generous loan forgiveness. Your business must have been operational on February 15, 2020 and had employees for whom it paid salaries and payroll taxes. If you are an independent contractor or self-employed, you are also eligible to apply for this program to cover your income and costs for the period described below.

The program provides small business owners funds based on the average monthly payroll cost (times 2.5) from the previous year. However, it does not include employees that were paid over \$100,000, or any amounts paid to independent contractors.

Loan Terms

- Up to \$10 million, based on up to 2.5 x average monthly payroll cost from the previous year (or if not operational in 2019, the period from January 1, 2020 – February 29, 2020).
- Must maintain payroll during this emergency – You will not be penalized for laying off workers at the beginning of the covered period so long as they are rehired.
- Eligible for loan forgiveness equal to the amount spent during the 8-week period after the origination date on payroll and operating costs.
 - Loan forgiveness amount is determined by payroll cost for the 8-week period + rent or mortgage payment + utility.

- You must use 75% of the loan total on payroll costs, and only 25% on other eligible costs for the loan to be forgivable.
- Interest rate is 1% on the amount of loan unforgivable, term is 2 years.
- No collateral or personal guarantee is required.

How to Apply

You may now apply for the Payroll Protection Program through your bank or credit union. The application can be found [here](#). We encourage you to reach out to your lender as soon as possible, as these funds are first come first serve.

You will likely need to collect these documents to support your payroll calculation:

- Payroll processor records, payroll tax filings, or Form 1099-MISC, or income and expenses from a sole proprietorship.
- Quarterly tax returns (Form 941) to assist in payroll verification.
- Bank records that are sufficient to demonstrate the qualifying payroll amount. Note that these are payments to employees only. Payments to independent contractors are not included in the payroll calculations.
- If the lender does not already have loans with your business, they will likely need your entity documents such as the Articles of Organization/Incorporation, Operating Agreement or ByLaws, and Tax ID Number.

Economic Injury Disaster Loan (EIDL) Program

The SBA's disaster loans are the primary form of federal assistance for the repair and rebuilding of non-farm, private sector disaster losses. If you are a business with over 500 employees, no employees (such as businesses that pay independent contractors), or you do not have high fixed payroll costs, you may want to consider the EIDL Program.

Loan Terms

- Under current 7(a) rules, loans are determined by actual economic injury and can be worth up to \$2 million.
- The interest rate is 3.75% for small businesses and 2.75% for nonprofits.
- The loans have long-term options, for up to 30 years; however, the term will be determined on a case-by-case basis, depending on a borrower's ability to pay.
- No personal guarantee on advances and loans below \$200,000.
- No requirement that an entity has one year in business prior to the disaster.
- No requirement that an applicant be unable to find credit elsewhere.
- Allows SBA to approve EIDL requests based solely on an applicant's credit score, or use "alternative appropriate methods" for determining an applicant's ability to pay.
- Must use funds to pay fixed debts, payroll, accounts payable, employee sick leave or other bills that cannot be paid due to the disaster's impact.

Emergency Disaster Grant

The CARES Act also creates an Emergency Grant to let an eligible business that has applied for an EIDL loan under this COVID-19 response to request an advance on that loan up to \$10,000, which SBA must distribute in three days.

- Applicants are NOT required to repay advance payments, even if subsequently denied for an EIDL.
- If the business DOES receive the actual EIDL, then the \$10K advance will be deducted from the total loan amount to be repaid (if you ask to borrow \$100,000 and receive an advance, you will only have to potentially repay \$90,000)

Apply

Apply online at <https://disasterloan.sba.gov/ela/>.

SBA Disaster Assistance Customer Service can be contacted at (800) 659-2955 (TTY: (800) 877-8339) or <mailto:disastercustomerservice@sba.gov> for assistance.

After the application process is complete, it typically takes SBA up to three weeks to make a decision and, in cases where the loan is approved, an initial disbursement of \$25,000 is typically made from the execution of the closing documents – with subsequent disbursements made under a previously agreed schedule.

Considering the likely large number of applications that will be submitted and despite the number of additional lenders that will be brought on board, expect processing delays for the actual EIDL. This should NOT significantly affect the emergency advance.

A borrower cannot receive a payroll protection program loan AND an economic injury disaster loan (EIDL) through the SBA for the same purpose. You may apply for both and choose if you approved for both loans. If you take out an EIDL between February 15, 2020 and June 30, 2020, you can refinance that loan into a PPP loan. You would add the outstanding loan amount to the “payroll” sum. If you are awarded the EIDL grant of up to \$10,000 would be subtracted from the amount forgiven under the PPP.

Stimulus Payments

The CARES Act also gives one-time direct payments to Americans – \$1,200 per adult making up to \$75,000 a year and \$2,400 to a married couple making up to \$150,000, with \$500 payments per child. If an individual makes \$75,000-\$99,000 or a married couple who filed jointly made \$150,000-\$198,000 the payment amount will decline gradually.

The amount of the payment will be based on income reported in 2018 taxes or your 2019 taxes if you have already filed them. U.S. Treasury Secretary Steve Mnuchin estimates that the money will be dispersed in one payment within three weeks from the signing of the bill. President Trump signed the bill on Friday, March 27, 2020.

You do not have to apply to receive this payment. If the Internal Revenue Service (IRS) has your bank account information, it will transfer the money directly to you via direct deposit. To get money to the individuals who do not file tax returns, the IRS may have to request information from the Social Security Administration or the Department of Veterans Affairs.

Unemployment Insurance

If you are working less than full time, or have completely separated from your last job, you may file your Arkansas Unemployment Insurance claim from your own home computer at EZARC or by calling the hotline number, 1-844-908-2178.

The CARES Act also provides approximately \$250 billion to state unemployment programs and covers an additional \$600 per week in unemployment benefits on top of what states provide. It also offers an additional 13 weeks of benefits. There is no separate application required to receive these additional funds. In Arkansas, the additional federal unemployment is being rolled out this week, and many Arkansans will begin to see the additional payment by April 10th.

In addition, the CARES Act expands those eligible for unemployment insurance to include: those that have exhausted their rights to regular unemployment, self-employed individuals, independent contractors, those seeking part-time work, those that do not have sufficient work history, and those that their place of employment has closed because of COVID-19.

Home Energy Payment Assistance Agencies

The CARES Act includes \$900 million to help lower income households heat and cool their homes through the existing Low-Income Heating and Energy Assistance Program (LIHEAP). These are flexible funds to alleviate poverty, so there will be great variation from community to community for how these funds are used. The disbursement requirements for those funds have not been established, however, we will continue to monitor and evaluate potential economic assistance opportunities that arise for our members through the various programs and agencies. and communicate program details if and when they become available

Arkansas

Contact the Central Arkansas Development Council, Inc (CADC) at **501-315-1121** or [click here](#) for more information and how to apply for assistance. Counties served: Calhoun, Clark, Columbia, Dallas, Hempstead, Hot Spring, Howard, Lafayette, Little River, Lonoke, Miller, Montgomery, Nevada, Ouachita, Pike, Pulaski, Saline, Sevier, Union

Oklahoma

Contact Oklahoma Human Services at 1-866-411-1877 or [click here](#) for more information and how to apply for assistance.

Texas

Contact the Texas Department of Housing and Community Affairs at 1-877-399-8939 or [click here](#) for more information and how to apply for assistance.