

FOR POTENTIAL APPLICANTS

Q: My business is suffering right now because of COVID-19. Do you have a loan option for me?

A: Yes, we have a **COVID-19 Rapid Recovery loan** for businesses that have experienced revenue losses due to the virus. This low-interest loan is for up to \$50,000. It's interest-free and payment-free for the first six months. If you have not paid it off before the seventh month, interest begins to accrue and you start making payments on the balance. Please visit the COVID-19 page at www.threadcap.org for more details. Click on the green "Apply Now" button when you're ready to apply. Applications are considered on a first-come, first-served basis.

Q: How long will it take to process my application & receive funding?

A: We are experiencing a high volume of applications, and we are working as fast as we can to process COVID-19 Rapid Recovery loan applications. Applications are being processed on a first-come first-served basis. We've paused all other lending programs to focus on helping small businesses fill in cash flow gaps they have experienced during this crisis. We're asking for minimal documentation and a short application, which should make the process more efficient. We will be in touch as soon as we are able. We ask for your patience and understanding during this time.

Q: Is this associated with the SBA?

A: No. Our Rapid Recovery loan product is supported by North Carolina entities and is for North Carolina businesses.

Q: How does this relate to SBA loan options?

A: The two loan products are NOT connected. You are not required to apply for an SBA loan to qualify for a COVID-19 Rapid Recovery loan. The COVID-19 Rapid Recovery loan is designed to fill lending gaps, including while businesses are waiting on SBA loans. (Note: the COVID-19 Rapid Recovery loan is not a forgivable loan.)

Q: Can I get both an SBA Loan and a Rapid Recovery Loan?

A: You are welcome to apply for both an NC Rapid Recovery Loan and SBA Payroll Protection Program (PPP) financing. You do not need to choose one or the other. PPP loans are designed to be used primarily to retain employees. It is our hope that the NC Rapid Recovery loan will help save your business and your employees. The two can function side-by-side if you choose to pursue both options. However, if you receive an SBA Economic Injury Disaster Loan (EIDL) for your full eligible amount (not just the initial \$10,000), then we will ask you to use those proceeds to pay off your NC Rapid Recovery loan.

Q: What are the loan terms?

A: The loans are six months interest-free and payment-free. At the end of the six-month period, the loans will be termed out for 48 months at 5.5 percent interest.

Q: What documentation will I need?

A: [See documentation section.](#)

Q: I have multiple businesses, do I need one application for all of them?

A: One application per business. Total financing of up to \$250,000 will be available for any one individual. So if you have five businesses that file separate tax returns you are eligible for up to \$50,000 for each of those five businesses.

Q. Can a nonprofit qualify for this loan?

A: Only for-profit businesses qualify for this loan. If your nonprofit has a for-profit affiliate, only the for-profit business can be considered for the loan. The SBA does offer financing for nonprofit organizations.



FOR POTENTIAL APPLICANTS

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Q. I'd like a loan larger than \$50,000. What are my options?

A. Please visit [sba.gov](https://www.sba.gov) or check with your current bank about SBA options. SBA loans are expected to have size caps well above \$50,000.

Q: Can this loan be used to refinance debt?

A: Generally, no. If you've just recently taken on debt to maintain the business during this time, refinancing that debt will be evaluated on a case-by-case basis. For example, if you've put expenses on a credit card during the crisis we can consider paying off the debt with the COVID-19 Rapid Recovery loan. General business debt consolidation is not covered with this loan, however.

LOAN DOCUMENTATION

Q: What documentation will I need?

A: We are asking clients for the following documents:

- Copy of photo identification
- 2019 personal tax return
If not available, 2018 personal tax return
- 2019 business tax return
If not available, 2018 business tax return and 2019 profit and loss statement
- The business's three most recent bank statements
- Proof of business ownership: Copy of official business filing/registration (sole proprietorship, LLC, or corporation, etc.)

Q. I started my business in 2019, I do not have 2018 tax returns. What documents should I submit?

A. For startups, we can accept the 2019 profit and loss statement and business bank statements for the months the business operated in 2019.

Q. I do not have profit and loss statements. What documents should I submit?

In addition to the three most recent 2020 business bank statements, we will need all of the available bank statements from 2019.

Q. Does this application have a hard credit check?

A. Yes. A hard credit pull is required on anyone with more than 20 percent ownership in the business.

Q. I am waiting on a phone call from Thread. How should I proceed?

A. We understand this is a stressful time. We're doing our best to process applications for the NC COVID-19 Rapid Recovery Loan in a timely manner. We are taking applications on a first-come, first-served basis. Rest assured we will be in touch with you as soon as your application is next in line.

Q. My spouse and I co-own a business and they plan to sign on the loan with me. Do they need to fill out a co-application?

A. Yes. Each applicant has to submit a separate application in order for us to pull credit and understand all sources of income in the household.

LOAN DOCUMENTATION QUESTIONS

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Q. Can I edit my application once it is submitted?

A. Yes. You created an account to submit an application. Please log in with the same username and password you created and make changes. You can also notify us of the needed changes when we contact you.

Q. I'm afraid I submitted my application incorrectly, what do I do?

A. We can confirm if an application was submitted correctly by checking your name and email address in the system. If you submitted incorrect information on the application, you can also login into your account at any time to update it. If you want to confirm you are in the system properly, you can also email us at connect@threadcap.org and we will get back to you as soon as we are able.

Q. I've purchased my building, but have not launched my company yet, can I apply for this loan?

A. If you have not yet begun to generate revenue your loan will require additional underwriting steps, including evidence that your personal income is sufficient to manage additional COVID-19 debt payments.

FOR CURRENT CLIENTS

Q: I already have a loan with Thread Capital. Can I apply for a COVID-19 loan?

A: Yes. The **COVID-19 Rapid Recovery loan** is open to everyone. The loan can be used for working capital and to maintain your existing business. Example of uses include, but are not limited to: paying vendors, buying inventory, paying bills, utilities, and rent.

Q: I can't make my payments.

A: We have deferred loan payments for existing Thread Capital clients. We will continue to evaluate this option on a month-by-month basis. Our hope is that this small gesture will help relieve at least one of the potential burdens facing your business. If you would still like to make your payments, you are welcome to contact us directly or mail a payment to our offices.

Q: What about the interest?

A: Interest will continue to accrue during this time. If you would like to continue to make your payments you are welcome to contact us directly or mail a payment to our offices.

Q: What about future loan payments?

A: We have deferred April and May loan payments. They will be moved to the end of your loan term. Your total loan amount will not change. We will continue to evaluate this option on a month-by-month basis.



FOR CURRENT CLIENTS

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Q: Can you lower my interest rate because of the coronavirus?

A: We are unable to change interest rates at this time. We are willing to consider doing so on a case-by-case basis once we emerge from this crisis.

Q: I might need to close my business if this continues.

A: We understand that COVID-19 presents unprecedented challenges for business owners and has had a destabilizing impact on North Carolina's economy. Our mission is to support our state's entrepreneurs and small-business owners, and that does not stop if a business must close. We will work with you to find the best path forward for you and your business.

Q: Can I refinance my loan in the near future?

A: Thread Capital clients who have made six months of on-time payments and are in good standing can qualify for additional capital. Standard Thread Capital processes apply.

Q: My loan is already past due. Will payment deferral negatively affect me?

A: It will not. The deferred payments will be moved to the end of your loan term. Your principal loan amount and days past due will not change.