



CITY OF CARSON

SMALL BUSINESS LOAN FORGIVENESS

Date:

Dear Small Business Owner:

You are receiving this letter because your business was granted a loan from the City of Carson to mitigate the financial damages from Covid-19 mandated closures, and/or you have made repayment efforts towards this loan.

As you know, in response to the to the COVID-19 Pandemic, in 2020 the City created and implemented a business assistance program for Carson businesses, with a special emphasis on the COVID-19 response and helping businesses access funding through federal programs offered through the Small Business Administration.

Your business was one of 35 small businesses in Carson which received a total of \$530,000 in loan funds pursuant to various Loan Agreements, including a Promissory Note secured by Security Agreements, and perhaps UCC-1 documents filed with the Secretary of State as well as a Personal Guaranty.

On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 ("ARPA"), which launched the Coronavirus State and Local Fiscal Recovery Funds to provide \$350 billion in emergency funding for state and local governments. Of the \$350 billion, the City of Carson will receive \$17,776,763 in direct one-time funding. On March 21, 2022, the City Council approved using a portion of its ARPA allocation toward City's Small Business Loan Relief Program, with the goal to forgive the loans and release the security interest.

The City has agreed to (1) forgive the Loans, (2) reimburse any borrower for loan payments already made to City pursuant to the Loan Agreements, and (3) terminate the Loan Agreements, Notes, Security Agreements, UCC Forms, and Guarantys (collectively "Loan Documents").

These Loans were made to small businesses to provide economic relief during a time of crisis. Forgiving the Loans now, particularly in light of City's receipt of ARPA monies for allocation toward Small Business Loan Forgiveness and Loan Reimbursement, will further the program's objective of contributing toward continued viability of the businesses, thereby providing continued public benefits to the community in the form of taxes and availability of goods and services.

Please adhere to the instructions on how to apply for the loan forgiveness/reimbursement attached to this letter. We urge you to consult your tax advisor on the effect of accepting this loan forgiveness and reimbursement that will have on your federal and state tax liability.

If you have further questions relating to the Loan Forgiveness Program, please contact _____ in the Community Development Department for further instructions.