

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

Crexendo, Inc.

Form: 8-K

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Corporate Issuer CIK: 1075736

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of report (Date of earliest event reported) April 21, 2020

Crexendo, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Nevada
(State or Other Jurisdiction of Incorporation)

001-32277
(Commission File Number)

87-0591719
(IRS Employer Identification No.)

1615 S. 52nd Street, Tempe, AZ 85281
(Address of Principal Executive Offices) (Zip Code)

(602) 714-8500
(Registrant's Telephone Number, Including Area Code)

Not applicable.
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. Entry into a Material Definitive Agreement.

Crexendo Inc., (“**Company**” or “**Borrower**”), applied for and received a loan (the “**Loan**”) from Infinity Bank (the “**Lender**”) in the aggregate principal amount of \$1,000,626, pursuant to the Paycheck Protection Program (the “**PPP**”) under the Coronavirus Aid, Relief, and Economic Security Act (the “**CARES Act**”), which was enacted March 27, 2020. The Loan was funded on April 21, 2020.

The Loans is evidenced by a promissory note (a “**Note**”) dated April 21, 2020 issued by the Borrower to the Lender. The first payment is due seven months from the date of initial cash disbursement (which is the initial deferral period as specified under the PPP) the Note bears interest at a rate of 1.00% per annum. The Note may be prepaid by Borrower at any time prior to maturity with no prepayment penalties. Proceeds from the Loans will be available to Borrower to fund designated expenses, including certain payroll costs, group health care benefits and other permitted expenses, in accordance with the PPP. Under the terms of the PPP, up to the entire amount of principal and accrued interest may be forgiven to the extent Loan proceeds are used for qualifying expenses as described in the CARES Act and applicable implementing guidance issued by the U.S. Small Business Administration under the PPP. The Company intends that the Borrower will use their entire Loan amount for designated qualifying expenses and to apply for forgiveness of the Loan in accordance with the terms of the PPP. No assurance can be given that the Borrowers will obtain forgiveness of the Loan in whole or in part. The Company who had taken the "Keep Americans Connected Pledge" and agreed not to stop any Crexendo customer's business or residential phone service for non-payment during the applicable period intends not to furlough employees while customers may have difficulty making payments.

With respect to any portion of either Loan that is not forgiven, the Loan will be subject to customary provisions for a loan of this type, including customary events of default relating to, among other things, payment defaults, breaches of the provisions of the applicable Note.

The foregoing description of the SBA Loan and the Note does not purport to be complete and is qualified in its entirety by reference to the Note, a copy of which is attached to this Current Report on Form 8-K as Exhibit 10.1, and incorporated herein by reference into this **Item 1.01**.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information set forth in Item 1.01 of this Current Report on Form 8-K is hereby incorporated by reference into this Item 2.03.

ITEM 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
10.1	Note issued by Crexendo, Inc. to Infinity Bank

Forward-Looking Statements

This Current Report on Form 8-K contains forward-looking statements, which include all statements that do not relate solely to historical or current facts, such as statements concerning the Company's expectations, anticipations, intentions, or beliefs regarding the Loan. These forward-looking statements are based on management's beliefs, as well as assumptions made by, and information currently available to, management. Because such statements are based on expectations and are not statements of fact, actual results may differ materially from those projected and are subject to a number of known and unknown risks and uncertainties, including financial market conditions; actions by the Loan parties; changes by the Small Business Association or other governmental authorities regarding the CARES Act, the Payroll Protection Program or related administrative matters; the Company's and Borrower's ability to comply with the terms of the Loan and the CARES Act, including to use the proceeds of the Loan as described herein; and other risks and uncertainties described under the headings "Forward-Looking Statements," "Risk Factors" and other sections of the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 3, 2020, and subsequent filings. The Company undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Crexendo, Inc.

Dated: April 21, 2020

By: /s/ RONALD VINCENT

Ronald Vincent
Chief Financial Officer



NOTE

SBA Loan #	54075071-05 / Infinity Bank 80-0001869
SBA Loan Name	Crexendo, Inc.
Date	April 21, 2020
Loan Amount	\$ 1,000,626.00
Interest Rate	One Percent (1.000%), Fixed
Borrower	Crexendo, Inc.
Operating Company	Crexendo, Inc.
Lender	Infinity Bank

1. PROMISE TO PAY:

In return for the Loan, Borrower promises to pay to the order of Lender the amount of One Million Six Hundred Twenty Six and No/100 Dollars, interest on the unpaid principal balance, and all other amounts required by this Note.

2. DEFINITIONS:

"Collateral" means any property taken as security for payment of this Note or any guarantee of this Note.

"Guarantor" means each person or entity that signs a guarantee of payment of this Note.

"Loan" means the loan evidenced by this Note.

"Loan Documents" means the documents related to this loan signed by Borrower, any Guarantor, or anyone who pledges collateral.

"SBA" means the Small Business Administration, an Agency of the United States of America.

3. PAYMENT TERMS:

Borrower must make all payments at the place Lender designates. The payment terms for this Note are:

Six (6) monthly consecutive principal and interest payments of \$ 42,128.96 deferred to the Maturity Date, with interest calculated on the unpaid principal balances using the interest rate described below;

Eighteen (18) monthly consecutive principal and interest payments of \$ 42,128.96 beginning seven months from the date of initial disbursement, with interest calculated on the unpaid principal balances using the interest rate described below.

The final payment will be for all principal and accrued interest not yet paid, together with any other unpaid amounts under this Note. The final payment, known as the Maturity Date, will be 24 months from the date of initial disbursement.

Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest; then to principal; and then to any late charges.

The interest rate on this Note is fixed at the Rate of One Percent (1.00%).

The interest rate on this Note is computed on a 365/365 basis, that is, by applying the ratio of the interest rate over the number of days in a year (365 for all years, including leap years), multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Note is computed using this method.

Receipt of payments must be made in U.S. dollars and must be received by Lender at:

Infinity Bank
6 Hutton Centre Drive, Suite 100
Santa Ana, CA 92707
Attention: Loan Services Department

Lender may modify these payment instructions, including changing the address for the payments, by providing updated payment instructions to the Borrower in writing. If a payment is made consistent with Lender's payment instructions but received after 3:00 PM EST on a business day, Lender will credit the Borrower's payment on the next business day. No Prepayment Penalties are to apply.

Late Charge: If a payment is 10 days or more late, Borrower will be charged 5.000% of the unpaid portion of the regularly scheduled payment or \$10.00, whichever is greater. This late charge shall be paid to Lender by Borrower for purpose of defraying the expense incident to the handling of the delinquent payment.

Paycheck Protection Program Loan Forgiveness: Applications for Paycheck Protection Program Loan Forgiveness are required be made directly with Lender immediately upon the expiration of the eight week period following the date of initial disbursement, no exceptions. Borrowers applying for forgiveness should have available documentation verifying (1) the number of full-time equivalent employees on payroll and pay rates for the applicable periods, including payroll tax filings reported to the IRS and state income, payroll, and unemployment insurance filings; and (2) payments for mortgage interest, lease, and utilities payment.



4. DEFAULT:

Borrower is in default under this Note if Borrower does not make a payment when due under this Note, or if Borrower or Operating Company:

- A. Fails to do anything required by this Note and other Loan Documents;
- B. Defaults on any other loan with Lender;
- C. Does not preserve, or account to Lender's satisfaction for, any of the Collateral or its proceeds;
- D. Does not disclose, or anyone acting on their behalf does not disclose, any material fact to Lender or SBA;
- E. Makes, or anyone acting on their behalf makes, a materially false or misleading representation to Lender or SBA;
- F. Defaults on any loan or agreement with another creditor, if Lender believes the default may materially affect Borrower's ability to pay this Note;
- G. Fails to pay any taxes when due;
- H. Becomes the subject of a proceeding under any bankruptcy or insolvency law;
- I. Has a receiver or liquidator appointed for any part of their business or property;
- J. Makes an assignment for the benefit of creditors;
- K. Has any adverse change in financial condition or business operation that Lender believes may materially affect Borrower's ability to pay this Note;
- L. Reorganizes, merges, consolidates, or otherwise changes ownership or business structure without Lender's prior written consent; or
- M. Becomes the subject of a civil or criminal action that Lender believes may materially affect Borrower's ability to pay this Note.

5. LENDER'S RIGHTS IF THERE IS A DEFAULT:

Without notice or demand and without giving up any of its rights, Lender may:

- A. Require immediate payment of all amounts owing under this Note;
- B. Collect all amounts owing from any Borrower or Guarantor;
- C. File suit and obtain judgment;
- D. Take possession of any Collateral; or
- E. Sell, lease, or otherwise dispose of, any Collateral at public or private sale, with or without advertisement.

6. LENDER'S GENERAL POWERS:

Without notice and without Borrower's consent, Lender may:



- A. Bid on or buy the Collateral at its sale or the sale of another lienholder, at any price it chooses;
- B. Incur expenses to collect amounts due under this Note, enforce the terms of this Note or any other Loan Document, and preserve or dispose of the Collateral. Among other things, the expenses may include payments for property taxes, prior liens, insurance, appraisals, environmental remediation costs, and reasonable attorney's fees and costs. If Lender incurs such expenses, it may demand immediate repayment from Borrower or add the expenses to the principal balance;
- C. Release anyone obligated to pay this Note;
- D. Compromise, release, renew, extend or substitute any of the Collateral; and
- E. Take any action necessary to protect the Collateral or collect amounts owing on this Note.

7. WHEN FEDERAL LAW APPLIES:

When SBA is the holder, this Note will be interpreted and enforced under federal law, including SBA regulations. Lender or SBA may use state or local procedures for filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using such procedures, SBA does not waive any federal immunity from state or local control, penalty, tax, or liability. As to this Note, Borrower may not claim or assert against SBA any local or state law to deny any obligation, defeat any claim of SBA, or preempt federal law.

8. SUCCESSORS AND ASSIGNS:

Under this Note, Borrower and Operating Company include the successors of each, and Lender includes its successors and assigns.

9. GENERAL PROVISIONS:

- A. All individuals and entities signing this Note are jointly and severally liable.
- B. Borrower waives all suretyship defenses.
- C. Borrower must sign all documents necessary at any time to comply with the Loan Documents and to enable Lender to acquire, perfect, or maintain Lender's liens on Collateral.
- D. Lender may exercise any of its rights separately or together, as many times and in any order it chooses. Lender may delay or forgo enforcing any of its rights without giving up any of them.
- E. Borrower may not use an oral statement of Lender or SBA to contradict or alter the written terms of this Note.
- F. If any part of this Note is unenforceable, all other parts remain in effect.
- G. To the extent allowed by law, Borrower waives all demands and notices in connection with this Note, including presentment, demand, protest, and notice of dishonor. Borrower also waives any defenses based upon any claim that Lender did not obtain any guarantee; did not obtain, perfect, or maintain a lien upon Collateral; impaired Collateral; or did not obtain the fair market value of Collateral at a sale.



10. STATE-SPECIFIC PROVISIONS:

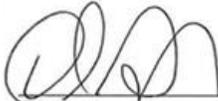
N/A



11. BORROWER'S NAME(S) AND SIGNATURE(S):

By signing below, each individual or entity becomes obligated under this Note as Borrower.

Crexendo, Inc.



By: **Doug Gaylor**
President

