

# EDA CARES Revolving Loan Fund



Eau Claire, WI

*Business. Life. Balance.*

[www. EauClaireDevelopment.com](http://www.EauClaireDevelopment.com)

# EDA CARES Revolving Loan Fund Guidelines

## PROGRAM INTRODUCTION

COVID-19 has drastically changed the way business operate in the City of Eau Claire. Restaurants, hospitality, non-essential retail, and private non-profits have been hit especially hard. This was accompanied by a significant jump in unemployment as businesses shut down or slowed down to maintain customer, employee and public health and safety.

The CARES Act Recovery Assistance RLF plan is intended to provide a bridge to these businesses that are still struggling. The new RLF plan will provide very specific benefits to businesses that were operating successfully prior to the COVID-19 outbreak:

- 1) Zero interest loans for fixed and employee related expenses
- 2) Reduce the minimum wage requirement to \$12.00 / hour
- 3) Waive restriction on restaurants
- 4) No leverage of private capital required
- 5) Deferred payments for up to one year

These benefits will provide needed revenue to existing businesses that were operating at profitable levels prior to COVID-19, expand access to the program, and encourage return to full and sustainable employment rates. This will assist businesses and employees to recover lost revenue and wages as COVID-19 related restrictions are eased.

As COVID-19 impacts ease, this EDA CARES Revolving Loan Fund (RLF) will primarily strive to do five important things in the long term:

- 1) To create good paying jobs within the City of Eau Claire.
- 2) To encourage small business start-up and development.
- 3) To create new tax base within the City of Eau Claire
- 4) To diversify and promote the economic base of the region.
- 5) To foster downtown business and creative economy growth.

# EDA CARES Revolving Loan Fund Guidelines

## FINANCE TERMS AND CONDITIONS

### Loan Amounts

The minimum loan will be \$5,000 and the maximum will be \$100,000. The RLF will target at least one job created or retained for each \$35,000 that is loaned. Benefit-eligible positions are encouraged but not required. Created jobs must be full-time and paying at least \$12.00 per hour.

### Interest Rate

The fixed annual interest rate shall be 0%.

### Collateral

The City will record a lien against the collateral pledged for loans greater than \$25,000. Fixed asset loans will be collateralized with the assets purchased. Working capital loans can be collateralized with inventory, fixtures, receivables, or anything else the Board deems necessary. A maximum loan-to-value ratio is 1.00. Personal guarantees will be required for all owners with greater than a 20% stake in the business.

### Terms

The terms of the loan will vary depending on the collateral and uses of funds. Short terms will be encouraged. Typical loan terms are:

- 1) Ten (10) years for real estate purchase or renovation.
- 2) Three (3) to Ten (10) years for capital equipment, depending on life of the asset.
- 3) Three (3) years for working capital.

If it is determined by the Loan Administration Board that deferral of the initial payment of principal for a period not to exceed 12 months would likely lead to the success of the project, deferral may be allowed as approved by the Board. Other loan payment deferrals will be considered on a case-by-case basis.

# EDA CARES Revolving Loan Fund Guidelines

## PROGRAM ELIGIBILITY

### *Eligible Borrowers*

Any manufacturing, commercial, service, and creative economy businesses located within the Eau Claire city limits, and those targeted businesses of the City. Industries targeted for growth include medical devices, nano-technology, software development, food production, plastic manufacturing, and computer components. There is also a focus on attracting development of innovation-and knowledge-based technology clusters, as well as creative entrepreneurial activity. Priority will be given to business retention and expansion projects.

### *Eligible Uses of Funds*

- Physical improvements to business space to meet relevant reopening requirements related to COVID-19
- Equipment to comply with public health and safety guidelines (examples: touchless payment methods, automatic door open sensors, personal protective equipment, or disposable menus)
- Costs and services associated with expanding the business to e-commerce sales
- Other professional services, such as business plan modifications
- Rent, payroll, and other operating expenses

### *Ineligible Uses of Funds*

Refinancing existing debt. However, upon Board approval, RLF borrowers may move the loan to a different financial institution if the City's lien position will not be compromised. Subsidizing interest payments on an existing RLF loan. Equity position acquisitions or the borrower's equity contributions on other Federal agencies' loan programs. Investing in interest-bearing accounts or unrelated investments. Relocation of companies located outside the City of Eau Claire.

### EXPEDITED LOAN APPLICATION CHECKLIST - TIER 1 (\$5,000)

A business that has been in operations for a minimum of 2 years as of Feb 1, 2020 can apply for an expedited loan of up to \$5,000.

Please complete and submit:

- Completed and signed application
- Submit 2 years of most recent business tax returns

### EXPEDITED LOAN APPLICATION CHECKLIST - TIER 2 (\$10,000)

A business that has been in operations for a minimum of 4 years as of Feb 1, 2020 can apply for an expedited loan of up to \$10,000.

Please complete and submit:

- Completed and signed application
- Submit 4 years of most recent business tax returns

PLEASE TAKE NOTE: Loan Administration Board meetings, which includes review of applications, are subject to Wisconsin open meetings law. A public notice is published prior to each meeting, with information that includes the agenda and listing of project applications under review. Materials provided as part of an application may also be subject to Wisconsin public records law.

## STANDARD LOAN APPLICATION CHECKLIST (ABOVE \$10,000)

Included with this application are the following supplements:

- Completed and signed application
- Credit check within the past year or signed background check disclosure
- Business Plan that includes business description, company history, a discussion of the business industry, sales, markets, and competition, and a summary of all owners/managers
- Narrative about the past, present, and future of your business and the role this funding would play
- Site control/documentation of property
- Business entity creation must be completed prior to review of application
- If existing business, current plus last 3 years financial statements of the business (income statement, balance sheet, and cashflow)
- Past 3 years of personal tax returns for those with 20% or greater ownership interest
- Personal financial statements for those with 20% or greater ownership interest
- Employment Plan consisting of current and future employment projections (if applicable)
- Financial Institution commitment letter for participation loan OR an explanation why credit is not available in terms and conditions that would allow successful completion or operation of the project in the Eau Claire area
- Collateral documentation
- Proof of insurance for collateral (if applicable)

**City of Eau Claire**

**BACKGROUND CHECK DISCLOSURE**

As part of the RLF loan process, the City of Eau Claire will obtain consumer reports which may include a complete nation-wide background check into all court records and credit information as it relates to you.

**AUTHORIZATION**

I, \_\_\_\_\_, authorize First Advantage and/or the Wisconsin Department of Justice, on behalf of the City of Eau Claire, to procure a consumer report, which I understand may include information regarding my credit history and court records. I understand that I will receive a copy of the consumer report.

\_\_\_\_\_  
Applicant Signature

\_\_\_\_\_  
Date

**Please print:**

\_\_\_\_\_  
First Name, Middle Initial, Last Name

\_\_\_\_\_  
Address

\_\_\_\_\_  
E-mail Address

\_\_\_\_\_  
Social Security Number

\_\_\_\_\_  
Date of Birth