

# **STEUBEN COUNTY**

## **Recovery and Growth Loan Fund**

### **GUIDELINES**

This document is intended to define the funding participants, loan administration and loan program details.

#### **1. Program Need**

The Regional Economic Development & Energy Corporation (“REDEC”) has been provided \$500,000 to administer an Emergency Relief Loan Program for small businesses in Steuben County that have been impacted by the Coronavirus pandemic and natural disasters..

Loan funds will be refocused on the following business needs:

- Rethink, repurpose, and retool – Businesses may need to make physical changes to their spaces as a result of the pandemic, or they might need to buy new equipment or materials to operate in a post-COVID environment. There may be a new product line or opportunity that results from the pandemic, or a new way of operating. The goal is to support investments that allow businesses to operate in a manner in which they were not before the pandemic started.
- Remote opportunities – Businesses may decide to convert all or part of their operations to remote work, or there may be an opportunity to grow via remote work. The goal is to support the continued or expanded operations of businesses in the county that move to an online platform.

#### **2. Administration**

REDEC will be responsible for administering the Recovery and Growth Loan Fund.

REDEC will work with a Loan Committee to approve loans. Loan Fund applications will be presented to the Loan Committee for consideration, which will have final approval of all loan requests.

There will be no fee to apply for a loan.

#### **3. Eligibility Requirements**

Eligible applicants are commercial, for-profit entities that own or manage a business located in Steuben County and meet the following requirements:

- The applicant will be a company with 50 or fewer employees or a sole proprietor.
- Businesses must have been open prior to the pandemic.

- Businesses must maintain operations in Steuben County for the entire life of the loan.
- Businesses must provide a written description of how the investment will change and improve their operations.
- Owners required to personally guarantee the loan must have a minimum credit score of 620.
- Applicant must have a debt service coverage ratio of at least 1:1 based on 2019 financial statements.

Ineligible activities include:

- Loans which would create a potential conflict of interest or the appearance of one;
- The transfer of ownership, unless the loan will keep the business from closing, or prevent the loss of employment opportunities in the area, or provide expanded job opportunities;
- Any legitimate business activity when more than ten percent of the annual gross revenue is arrived from legalized gambling activity;
- Any illegal activity; and
- Any otherwise eligible activity that is in violation of either a Federal, State or local environmental protection law or regulation or any enforceable land use restriction unless the financial assistance will result in curing or removing the violation.

#### **4. Loan Parameters**

Use of Funds

- Funding will be used to either support:
  - Changes to the business that are necessary to reimagine, repurpose and/or retool the entity for operations in a post-COVID environment. The changes will allow the business to operate in a way in which it did not before the pandemic.
  - Remote work opportunities that allow the business to stay competitive or grow in a post-COVID environment in Steuben County.

Fee Structure

- There is no cost to apply.
- If an application is approved, there will be a one-time, flat fee of \$150 to pay for legal expenses.

Minimum/Maximum Loan Amounts

- \$5,000 minimum
- \$25,000 maximum

Loan Term and Repayment

- Loans will be structured as a term loan for up to 66 months with no payment due for the first six months of the loan. Interest will not accrue until the start of the seventh (7<sup>th</sup>) month.

- There is no penalty for pre-payment.

#### Interest Rate

- The interest rate will be fixed at 1.0% for the life of the loan.

#### Collateral

- REDEC will file a lien on all business assets of the company.
- All individuals owning 20% or more of the business entity will be required to execute a personal guarantee.

### **5. Loan Application Process**

The following is a list of required attachments, with the understanding that the items may not always be applicable or necessary, and in some instances, additional information may be required.

- Personal history statement from any person with 20% or more ownership
- Personal financial statement from any person with 20% or more ownership
- Past 2 years personal federal income tax returns from any person with 20% or more ownership
- Most recent interim Balance Sheet
- Most recent interim Income Statement
- Past Two years filed corporate federal tax returns or personal federal tax returns if sole proprietor
- Description of use of funds
- Narrative demonstrating the need

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