COVID-19 MICRO LOAN FUND POLICY

FOR SMALL BUSINESSES

The Kanabec County Economic Development Authority exists to be a catalyst for economic growth in Kanabec County. The EDA provides both technical assistance and financial assistance to businesses located in Kanabec County.

On March 16, 2020, in response to federal and state leaders pronouncing a state of emergency due to the fast moving COVID-19 outbreak, Minnesota Governor Walz signed Executive Order 20-04 to order temporary closure of Minnesota restaurants and bars to dine-in customers. Two days later, on March 18th, Governor Walz further ordered the closing of other places of public accommodation, including all salons, barbershops and other businesses in Executive Order 20-08. Other recommended measures include social distancing by individuals in all public places and limits on the number of people congregating in any gathering.

The safety measures implemented to protect people during the health emergency (pandemic) have potential to significantly affect small businesses. The EDA has decided it is in the best interest of businesses and the overall economy of the area to create a COVID-19 Micro Loan Fund for businesses that have been forced to close or significantly reduce their operations due to COVID-19.

1. **Goals and Objectives**

- Provide emergency/short-term financing for businesses that are experiencing financial hardships due to the executive orders related to COVID-19 business restrictions.
- Allocate $20,000 of the EDA's fund balance to establish this new fund as authorized by the Kanabec County Board of Commissioners on April 21, 2020. Propose that the Kanabec County Board of Commissioners consider providing a one-time contribution of $10,000 towards this new fund.
- Immediately establish an EDA loan committee (subcommittee of the EDA).
- Ensure that all short-term loans are beneficial to Kanabec County and are paid back within 24 months or less.
- Facilitate business survival, especially for small businesses, during the COVID-19 pandemic.
- Enhance, to the greatest extent possible, the retention of jobs throughout Kanabec County.

2. **Eligible Applicants**

- All eligible business categories must be referenced in Governor Walz's Executive Orders (EO 20-04 and EO 20-08).

- All eligible applicants must have a physical, commercial location, whether owned or leased, that is located in Kanabec County.
- All eligible applicants must be registered with the Minnesota Secretary of State and have been in business since December 1, 2019.
- All eligible applicants must be current with Kanabec County property taxes.
- Businesses located in Brunswick, Kroschel and Peace Townships are ineligible.

Applicants are encouraged to review the Governor's Executive Orders 20-04 and 20-08 listed in ***Appendix A*** *of this policy for further definition and clarification of businesses that are or are not eligible for a COVID-19 Micro Loan. The EDA retains final authority to determine if a business is eligible or not, and whether to approve a loan or not.*

3. **Eligible Loan Activities**

- Operating capital to sustain the business until longer-term assistance programs are available.
- Other activities having sufficient merit as determined by EDA policy and EDA approval on a case-by-case basis

4. **Fund Availability & Other Considerations**

- Applications will be considered by the EDA loan committee on a first-come/first-served basis.
- The EDA loan committee will review applications as timely as possible.
- If the number of applications surpasses the amount of available funds for this program, priority will be given to applicants with more full-time equivalent (FTE) employees and more financial loss directly related to the Governor's Executive Orders.
- COVID-19 Micro Loan funds will be available for as long as they are available and/or until the EDA determines prudent.
- The EDA reserves the right to limit the amount of funds available for this program at any time.
- Applicants must be in compliance with all government regulations, including Minnesota Department of Health requirements.

5. **Conflict of Interest**

- Any EDA member that may indirectly or directly gain financially from loan transactions shall immediately inform the EDA of any potential conflict of interest, and shall abstain from any related votes.
- If a potential conflict of interest exists, all necessary steps will be taken to ensure that the loan application is processed in full accordance with EDA policies, and local and State regulations.

6. **Loan Conditions**

- Maximum loan amount is $2,000.
- Interest rate will be 0% percent.

- Recipients will be charged a $55 fee to record the promissory note, which will be due from the borrower at the time of closing.
- Loans will be for a maximum length of 24 months. Borrowers may prepay without penalty.
- Loan repayments may be deferred for up to six months.
- Repayment terms for loans will be determined on an individual basis, so long as the total principal balance is repaid within 24 months of the date of the first draw of loan funds by the borrower.
- Upon default of the loan, or the permanent closure or sale of the business, the loan immediately becomes due and payable in full.
- Loans are not transferable unless the transfer is approved by the EDA.
- Borrowers are expected to arrange for loan payments to be made automatically.
- Applicants may request funding one time under this program.
- Applicants must not have already received funding through the City of Mora EDA's COVID-19 Emergency Assistance Fund.
- In the case of non-payment, the loan will be turned over to the Kanabec County Attorney's Office and/or the State of Minnesota Revenue Recapture for collection.
- Recipients will be required to submit a benefit statement (i.e. how the loan helped the business) to the EDA upon repayment of the loan.

7. **Application Requirements**

- The "COVID-19 Micro Loan" application must be completed in its entirety by the applicant and submitted electronically to the EDA Director, Heidi Steinmetz, at heidi.steinmetz@co.kanabec.mn.us to be considered as quickly as possible. Completed applications may also be submitted to the attention of Heidi Steinmetz via U.S. Mail to the Kanabec County Courthouse at 18 North Vine Street, Mora, MN 55051. Applicants should leave a voice message at 320-209-5031 or 320-515-1674 if submitting an application by U.S. Mail, to ensure EDA staff receives the application in a timely manner.
- Most recent Federal tax return filed by the business
- Income statements and balance sheets for the past year to demonstrate profitability
- Personal credit report for each principal owner
- Comparison statement of business sales numbers from March 2019 to March 2020

8. **Collateral**

- Personal and/or corporate guarantees will be required from all owners or partners with 20% or more ownership.

APPENDIX A

Businesses cited in Governor's Emergency Executive Order 20-04 as follows:

Beginning no later than March 17, 2020 at 5:00 p.m., and continuing until March 27, 2020 at 5:00 p.m., the following places of public accommodation are closed to ingress, egress, use and occupancy by members of the public:

a. Restaurants, food courts, cafes, coffeehouses, and other places of public accommodation offering food or beverage for on-premises consumption, excluding institutional or in-house food cafeterias that serve residents, employees and clients of businesses, child care facilities, hospitals and long-term care facilities.
b. Bars, taverns, brew pubs, breweries, microbreweries, distilleries, wineries, tasting rooms, clubs, and other places of public accommodation offering alcoholic beverages for on-premises consumption.
c. Hookah bars, cigar bars, and vaping lounges offering their products for on-premises consumption.
d. Theaters, cinemas, indoor and outdoor performance venues, and museums.
e. Gymnasiums, fitness centers, recreation centers, indoor sports facilities, indoor exercise facilities, exercise studios, and spas.
f. Amusement parks, arcades, bingo halls, bowling alleys, indoor climbing facilities, skating rinks, trampoline parks, and other similar recreational or entertainment facilities.
g. Country clubs, golf clubs, boating or yacht clubs, sports or athletic clubs, and dining clubs.

Businesses cited in Governor's Emergency Executive Order 20-08 as follows:

Paragraph 1.e. of Executive Order 20-04 is amended by the following additions (indicated by underlined text) and deletions (indicated by strikethroughs): *Gymnasiums, fitness centers, recreation centers, indoor sports facilities, indoor exercise facilities, exercise studios, and spas tanning establishments, body art establishments, tattoo parlors, piercing parlors, businesses offering massage therapy or similar body work, spas, salons, nail salons, cosmetology salons, esthetician salons, advanced practice esthetician salons, eyelash salons, and barber shops. This includes, but is not limited to, all salons and shops licensed by the Minnesota Board of Cosmetologist Examiners and the Minnesota Board of Barber Examiners.*

All other provisions of Executive Order 20-04 remain in effect.

COVID-19 MICRO LOAN APPLICATION

FOR SMALL BUSINESSES

Legal Business Name: _____

Type of Business (check one)	☐ Sole Proprietorship ☐ Partnership ☐ Corporation ☐ LLC		
Length of Time in Business	Years Months	**Fed Tax ID#**	**MN State License**
Mailing Address	City		Zip
Location Address	City		Zip
Business Phone	( )		
Website Address			
Applicant Name & Title			
Email Address of Applicant			
Amount of Funding Requested *(up to $2,000)*	**$**		

How has the Governor's Executive Orders financially affected your business?
What do you estimate is your business's financial losses to date due to the Governor's Executive Orders? Provide a comparison statement of your sales numbers from March 2019 to March 2020.
For what purpose will these funds be used?
How many full-time equivalent (FTE) employees have been impacted by COVID-19 at your business? Provide a brief description of the impacts to employees (i.e., layoffs, furloughs, pay reductions, etc.).

Principal #1

Name	**DOB**	**SS#**
Address	**City**	**Zip**
Percentage of Ownership _____%		

Principal #2

Name	**DOB**	**SS#**
Address	**City**	**Zip**
Percentage of Ownership _____%		

Business's Primary Lender

Name of Lender	**Phone**	**Ref#**
Address	**Fax**	
Contact Name & Title		

Eligible Applicants

- All eligible business categories must be referenced in Governor Walz's Executive Orders (EO 20-04 and EO 20-08).
- All eligible applicants must have a physical, commercial location, whether owned or leased, that is located in Kanabec County.
- All eligible applicants must be registered with the Minnesota Secretary of State and have been in business since December 1, 2019.
- All eligible applicants must be current with Kanabec County property taxes.

Required Application Attachments

- Most recent Federal tax return filed by the business
- Income statements and balance sheets for the past year
- Personal credit report for each principal owner
- Release of Information Form on page 3 of this application

COVID-19 MICRO LOAN POLICY
AUTHORIZATION FOR RELEASE OF INFORMATION

I declare that the information provided in this application and on the accompanying exhibits is true and complete to the best of my knowledge. The Kanabec County Economic Development Authority (EDA) has the right to verify any information contained in this application, including credit reports on the individuals and the business, and may contact any individuals and institutions involved with the proposed project. The lenders named herein have the right to share information with the EDA, its Loan Committee and boards as is necessary to approve the application for its loan funds.

Signature of Applicant: _____Date: _____

Printed Name of Applicant: _____

Title of Applicant: _____

Applicants are encouraged to review the Governor's Executive Orders 20-04 and 20-08 for further definition and clarification of businesses that are or are not eligible for this COVID-19 Micro Loan. The EDA retains final authority to determine if a business is eligible or not, and whether to approve a loan or not.

For questions, contact Heidi Steinmetz at 320-209-5031, 320-515-1674 or heidi.steinmetz@co.kanabec.mn.us.