



April 23, 2020

## HEALDSBURG SMALL BUSINESS SUSTAINABILITY (SBS) LOAN PROGRAM Information & Guidelines

To assist our small business community as we weather through this COVID-19 crisis, the City of Healdsburg (COH) has created a Small Business Sustainability (SBS) Loan Program and has allocated funds of up to \$600,000 to make loans of up to \$15,000 to eligible small businesses.

### KEY LOAN FEATURES

- 0% interest rate
- No collateral is required
- No fees or points
- Payments are deferred until May 1, 2021
- The loan balance as of May 1, 2021 will be required to be repaid in equal installments with an automatic payment system based on the amount of your loan:
  - Tier 1 (loan amounts of up to \$5,000): Repayment will be over the remaining three (3) years of the loan.
  - Tier 2 (loan amounts of up to \$15,000): Repayment will be made over the remaining five (5) years of the loan.

### AVAILABLE LOAN AMOUNTS

- Preliminarily, we will consider the following two loan tiers:
  - Tier 1: For business with 5 or less FTE\*, loans may be up to \$5,000.
  - Tier 2: Business with 6 to 25 FTE\* may receive up to \$15,000.
- The above loan tiers and the number of loans we are able to offer, will depend on how many applicants apply, given our limited funding allocation of \$600,000.
- The Loan Program may allocate at least 20% of the Loan Program's funding allocation (20% of \$600,000 = \$100,000) to businesses with 5 or less FTE.

#### *\* About the "Full-time Equivalent (FTE)" Provision*

*A full-time employee is typically one who works 40 hours/week. For example, one employee who works 40 hours/week equals one FTE. To determine the FTE number for your staff, add the total number of hours worked in a week by all employees, and then divide that number by 40. For example, if you have four part-time employees who work a total of 10 hours/week, those employees equal 1.0 FTE. **Your FTE should be calculated as of your March 1, 2020 payroll.***

### WHEN CAN I APPLY?

- The SBS Loan Program will open on Friday, April 24, 2020. At that time, applicants will be able to access the SBS Loan Program Application and submit a complete application package.
- Applications will be reviewed in weekly phases until the allocated SBS Loan Program funds are fully exhausted. The review phases are as follows:

- The **1<sup>st</sup> Review** of completed applications will consider those applications received by 5:00 p.m. on **Thursday, April 30, 2020**, when the 1<sup>st</sup> Review window closes;
- If funds are remaining after the 1<sup>st</sup> Review, the 2<sup>nd</sup> Review period will consider those applications received after the 1<sup>st</sup> Review window closes but no later than 5:00 p.m. on **Thursday, May 7, 2020**; and
- This process shall continue weekly until all funds are awarded.

## **ELIGIBILITY**

- Applicants must be a for-profit, independently owned and operated business located within the City Limits of Healdsburg, CA.
- Your business must have a storefront presence or office within the City Limits of Healdsburg, CA.
- Eligible business types include restaurants, retail stores, tasting rooms, or a local service provider.
- Applicants must have 25 or less FTE to be eligible to apply.
- You must have a current COH Business License as of March 1, 2020.
- Your business must have been in operation as of March 1, 2020.
- You must have a demonstrated hardship due to the 2020 COVID-19 pandemic and its related Public Health Orders, such as a closure and resultant loss in revenue.
- Your business must be in good standing with the COH as of March 1, 2020 (e.g., current on utility bills, no liens or judgments, etc.).
- Loan funds shall be used for daily operational needs such as your lease/mortgage payments, payroll and benefit costs, utilities, materials, supplies and services associated with making your business compliant with additional social distancing requirements.
- Per the application, you must inform the COH if you have applied for a Paycheck Protection Program (PPP)/CARES Act loan, and whether your application was successful. The City may give a preference to businesses unable to receive a PPP loan if the business has attempted to apply but was denied because of lack of PPP funding or because the business was not able to process a loan application through area banks and the SBA.

## **ADDITIONAL DETAILS**

- If more than \$600,000 in loans are requested, we reserve the right to lower the maximum loan amounts to attempt to provide loans to as many qualifying applicants as possible.
- When your application has been submitted, we may discuss with you your pursuit of other available funding options, such as the Paycheck Protection Program (PPP) loans, to ensure that the SBS Loans provide the best assistance to the COH's community of businesses.
- Successful applicants will be required to execute a Promissory Note, and other documentation deemed necessary.
- Given our limited resources, the COH may not be able to award loans to everyone who applies, even to applicants who clearly comply with all application requirements. If any applicant does not receive a loan, the City may work with you to find alternatives through SBA or other entities.
- There may be interest charged at a rate no lower than 5% if the loan balance is not paid in full by the maturity dates of May 2024 (for loans less than and up to \$5,000) and May 2026 (for loans over \$5,000).

## APPLICATION REVIEW

- As noted above, the **1<sup>st</sup> Review** of completed loan applications (completed = a completed application form and supporting documentation) will be of the applications submitted on or before 5:00 p.m. on Thursday, April 30, 2020. There is a possibility that funds may be exhausted after the 1<sup>st</sup> Review.
- If funds remain available, **2<sup>nd</sup> Review** will occur for those completed loan applications that came in after 5:00 p.m. on Thursday, April 30, 2020 and by 5:00 p.m. on Thursday, May 7, 2020.
- **Please be sure your application is complete when you send it in.**
- Applications will be reviewed by a loan committee consisting of COH staff and external partners with business and loan expertise.
- A best effort attempt will be made to make loan approval decisions within seven (7) business days following each review period.
- We anticipate that your loan's funding will occur within 2 weeks after your loan application has been approved.
- To provide transparency, the City of Healdsburg will post a list on the COH's website showing what businesses received a loan and in what amount. By signing and submitting an SBS Loan Program application with the City of Healdsburg, you agree to have your company's name along with the loan amount listed on the COH's website.

## SUBMITTING YOUR APPLICATION

You will need to submit the following required documentation along with your signed application form. (If selected, you may be required to provide additional documentation including most recent tax returns, 941s, etc.)

1. A photo or copy of your current City of Healdsburg Business License (as of March 1, 2020);
2. A current IRS Form W-9 (showing your Taxpayer ID); and
3. A payroll register, or similar documentation, including the number of employees and hours each employee worked to verify the number of FTE employees your business had as of March 1, 2020. Please do not show any social security numbers (SSNs) on this documentation.

**Please submit the application form and the supporting documentation via a scanned email to [recovery@ci.healdsburg.ca.us](mailto:recovery@ci.healdsburg.ca.us) as soon as possible.** Alternatively, you can drop off your application packet in an envelope (please write "SBS Loan Application" on the envelope) at Healdsburg City Hall, 401 Grove Street, Healdsburg CA in the Utility Billing drop-box just north of the City Hall building. **To be considered in the 1<sup>st</sup> Review of loan applications, your materials must be in by 5:00 p.m. on Thursday, April 30, 2020.** Please know that the City's intent is to consider loans to as many businesses as possible who provided a complete packet before the 1<sup>st</sup> review period. If funds remain after the 1<sup>st</sup> Review period, the **2<sup>nd</sup> Review** period shall be those applications received after the close of the 1<sup>st</sup> Review period but by **5:00 p.m. on Thursday, May 7<sup>th</sup>, 2020.**

Contact the City of Healdsburg at [recovery@ci.healdsburg.ca.us](mailto:recovery@ci.healdsburg.ca.us) with any questions, or call us at 707-431-3319. **Please leave a message if we miss you and we will return your call promptly.**