



City of Oberlin

**COVID-19 Emergency Working Capital Loan Program for
Businesses**

Program Guidelines

Date: April 29, 2020

City of Oberlin

COVID-19 Emergency Working Capital Loan Program for Businesses

General Program Overview

Type of Assistance:	Direct loan
Application of Funds:	Working capital needs – rent payments, mortgage payments, employee payroll, utility payments, inventory, essential supplies.
Eligibility Requirements:	Borrower must be a for-profit business operating in the City of Oberlin. Borrower must not have already received City of Oberlin Community Development Block Grant COVID-19 Emergency Working Capital Loan Program for Businesses.
Approval:	Demonstrated capacity to repay loan. Earnings and financial condition, collateral, management ability.
Project Size:	Loans up to \$10,000.
Term of Loan:	Up to 5 years.
Repayment Terms:	Payments deferred for 180 days with option to defer payments for an additional 180 days, after which monthly repayment begins.
Interest Rate:	0%
Fees:	None.
Personal Guarantee:	Required for anyone owning 20% or more of business.
Job Retention:	Must retain at least 1 job which could include a sole proprietor within 30 days of loan disbursement. Jobs must be retained for at least one year after loan disbursement.
Ineligible Expenses:	Refinancing existing debt, personal expenses, speculative real estate projects, training costs, capital or non-capital equipment, and rolling stock.
Loan Administrator:	Carrie R. Handy Director of Planning and Development

City of Oberlin
69 South Main Street
Oberlin, Ohio 44074
(440) 775-7250 FAX (440) 774-9714
chandy@cityofoberlin.com

Goals and Objectives

- A. Assist Oberlin businesses which have been negatively impacted by the COVID-19 pandemic response and/or State of Ohio executive orders
- B. Assist Oberlin businesses who may not qualify for the Community Development Block Grant COVID-19 Emergency Working Capital Loan Program due to the lack of employees (sole proprietorship with no employees) or employees who are low to moderate income.
- C. Retain permanent private sector job opportunities.
- D. Retain business and industry in the City of Oberlin.

Program Target Guidelines

Businesses to be targeted include for-profit businesses which have been significantly impacted by the COVID-19 pandemic response.

Emergency Working Capital Loan Guidelines

- Eligible Applicants
 - a. Must be a for-profit business.
 - b. The business must be organized as a sole proprietorship, partnership, limited liability company or corporation.
 - c. The business must have been in operation since at least December 1, 2019.
- Eligible Use of Loan Proceeds
 - a. Working capital expenses – payroll of existing employees, rent payments, mortgage payments, utility payments, inventory and essential supplies needed to remain in operation.
- Ineligible Uses of Loan Proceeds
 - a. Re-financing of already existing debt.
 - b. Personal expenses.
 - c. Speculative real estate projects.
 - d. Training costs, capital and non-capital equipment.
 - e. Rolling stock.
- Minimum Standard for Granting Loans
 - a. Each loan must clearly demonstrate the retention of at least one (1) full-time equivalent job within 30 days of loan disbursement. Jobs must be retained for a minimum of one year after loan disbursement.

Financing Policies

- Anticipated Project Cash Flow must be greater than Debt Service.
- Business receiving loan financing must agree to formally document job retention.
- Loan Term and Interest Rate: Loans will be for a maximum of five (5) years at 0% interest. Payments are deferred for 180 days from loan disbursement with an option to apply for an additional 180 day deferment if necessary.

Loan Administration

- Applications for the COVID-19 Emergency Working Capital Loan Program should be submitted to the Loan Administrator listed above in this document.
- Applications will first be reviewed by the appropriate City of Oberlin staff. If the application contains all necessary documentation, then the application will be forwarded to the OCIC Loan Review Committee for review.
- The OCIC Loan Review Committee will make a recommendation to the City Manager regarding the approval of the loan.
- Once the City Manager's approval is obtained, City staff will ensure the loan documents are drafted and signed by all necessary parties. Loan funds will then be disbursed by the City to the loan applicant.

Loan Servicing and Follow-Up Procedures

- Loan repayments will be made to the City of Oberlin.
- A loan contract will be considered in default and the balance may be called if the regularly agreed upon monthly payment becomes more than thirty (30) days past due; proper notice will consist of written communication calling for the balance or any other action necessary to collect payment before the twentieth (20th) day after the due date.
- The loan agreement will require that the borrower submit to the City financial documentation showing how loan funds were expended along with semi-annual and year-end financial reports during the life of the loan.
- Any loan made under this program will be called if the business closes or moves from the City of Oberlin. Language to this effect will be included in the loan documents.