



GRAFTON
QUALITY LIFE. NATURALLY.

VILLAGE OF GRAFTON
SMALL BUSINESS RELIEF LOAN FUND
PROGRAM GUIDE

May 20, 2020

SECTION 1. GENERAL PROVISIONS

1.1 PURPOSE

The purpose of the policies and procedures contained within this program guide is to present the criteria which governs the resources made available through the Village of Grafton's Small Business Relief Loan Fund (SBRLF) program for local businesses affected by COVID-19 pandemic and associated Wisconsin Governor's *Safer at Home* Order(s).

1.2 OBJECTIVES

The Village desires to meet the following objectives with emergency funds made available through the SBRLF program:

- 1) To help stabilize the local economy through the retention of Grafton business operations and jobs.
- 2) To maintain and increase flow of capital for businesses during the emergency orders and recovery period from the pandemic.
- 3) To encourage and retain the private investment made within the Village in the form of fixed asset and working capital investments.
- 4) To perpetuate a positive and proactive business climate which encourages the retention and long-term viability of existing businesses and helps to attract desirable new businesses.

SECTION 2. ADMINISTRATION

2.1 LOAN REVIEW PANEL

- 1) The Village of Grafton has designated the Ozaukee County Economic Development Director, Village of Grafton Community Development Director and the Grafton Village Administrator as the Loan Review Panel for the Relief Loan Fund program. Funding decisions relative to the loans will be made by the Loan Review Panel.
- 2) The Loan Review Panel will be responsible for the day-to-day administration of the program. The Loan Review Panel, where necessary and appropriate, will counsel or guide loan applicants to other financial resources, specifically those offered through the Small Business Administration during the pandemic emergency period.
- 3) The Loan Review Panel will periodically review financial statements and loan schedules for loan recipients and maintain SBRLF accounting records that will be segregated from other Village accounts.

SECTION 3. ELIGIBILITY CONSIDERATIONS

3.1 ELIGIBLE AREA

The area served by the Small Business Relief Loan Fund program will be within the corporate limits of the Village.

3.2 INELIGIBLE APPLICANTS

- 1) Relief fund loans will not be available for the following businesses: a) speculative investment companies; b) real estate investment companies; c) lending institutions; d) gambling operations; and e) other businesses not serving the interests of the Village.
- 2) No member of the Village of Grafton Village Board, or any other official, employee, or agent of the Village who exercises decision-making functions or responsibilities in connection with the implementation of the SBRLF program is eligible for financial assistance under this program. In addition, no SBRLF loans will be made which conflict with Section 946.13 of the Wisconsin Statutes (Private Interest in Public Contract Prohibited).

3.3 MINIMUM REQUIREMENTS

To be eligible for funding, each of the following minimum requirements must be met:

- 1) The business must have been open to the public in the Village of Grafton prior to January 1, 2019 and show a positive financial success.
- 2) Certify by statement that operations have been negatively impacted by COVID-19.
- 3) Certify operations within the Village are supported by 25 employees or fewer.
- 4) The applicant must demonstrate that the business achieved financial stability and positive financial success during the 2019 and 2020 to-date fiscal years.
- 5) Applicants must comply with all applicable local, State, and Federal laws and codes.

SECTION 4. TERMS AND CONDITIONS

4.1 TERMS AND CONDITIONS

Loan terms and conditions will be structured based on need and ability to repay. Minimum standards will include the following:

- 1) The maximum loan amount is \$10,000.
- 2) The loan term is 5 years.
- 3) Loan payments and interest is deferred through June 30, 2021 and offered at 1% interest rate following June 30, 2021.
- 4) There are no prepayment penalties.

- 5) Loans will be backed by personal guarantees from any principal owner, defined as owner(s) of 20% or more of the subject business.

SECTION 5. APPLICATION PROCEDURES

5.1 TIMING

Applications may be submitted on May 20, 2020 and thereafter during the calendar year until allocated funding of \$125,000 is executed, or until the program is terminated by action of the Village Board.

5.2 PRIORITY

Complete applications will be reviewed in the order received and based on readiness for the loan approval process to proceed. In those instances where the number of requests for emergency funds exceeds allocated funding, applications will be prioritized based upon the date of receipt of all requested application materials, the number of jobs to be created and/or retained, and the historic financial stability of the business operations. Where feasible, the amount of SBRLF funds contributed to each business will be adjusted in order to facilitate as many loan requests as possible.

5.3 LOAN APPLICATION

Applicants must apply using forms available from the Village of Grafton that include documentation of the Minimum Requirements within Section 3.4 and the following:

- 1) A completed emergency loan fund application.
- 2) A written overview the existing business, including type of operation, management, markets, and products.
- 3) Financial statements for the 2019 and 2020 to-date fiscal years including balance sheets profit and loss statements and income statements that are compiled in accordance with Generally Accepted Accounting Principles (GAAP), including all footnote disclosures.
- 4) A description of how the business plans to use the requested funds.
- 5) Personal financial statements for the principals of the business.

5.4 REVIEW PROCESS

Specific steps in the review process include the following:

- 1) The Loan Review Panel will review the application for completeness and verify

that the proposed project meets the minimum requirements provided in this policy and procedures manual. If the application is not complete, the applicant will be informed of the deficiencies.

- 2) The Loan Review Panel will meet to review an application within 5 business days of the receipt of a completed application. Once the review is completed and the proposal is acceptable for funding, a recommendation for approval and terms of loan will be forwarded to the Grafton Village Board for final approval and to award the loan.
- 3) The applicant shall have 5 business days after Village Board approval to accept and to execute the necessary loan documents for loan closure.
- 4) If the application is not approved, the Loan Review Panel will notify the applicant the reasons for rejection and offer to meet with the applicant to explore ways to strengthen the loan request or to identify alternative funding sources.

SECTION 6. DISTRIBUTION OF FUNDS

6.1 LOAN PROCEDURES

Prior to releasing funds, the following documentation must be in place or provided at the appropriate time during the term of the loan.

- 1) The Loan Review Panel will prepare a loan agreement which will be executed by the Village President, Village Clerk, and the sole proprietor, general partner, or chief executive officer of the business.
- 2) A promissory note will be prepared by the Loan Review Panel and signed by the chief executive officer at the time of loan closing. The note will be dated; it will reference the agreement between the Village and the business; and, it will specify the amount and terms of the loan funds delivered.
- 3) Personal guarantees provided as security for all loans will be prepared by the Loan Review Panel and executed at the time of the loan closing. All security instruments shall be recorded by the Village Attorney and copies placed in the project file, as applicable.
- 4) An amortization schedule will be prepared by the Loan Review Panel and forwarded to the loan recipient after all loan proceeds are fully disbursed.

SECTION 7. POST APPROVAL REQUIREMENTS

7.1 OBLIGATION OF LOAN RECIPIENT

In addition to the terms and conditions of the loan, all borrowers must agree to comply with the following:

- 1) To maintain records that are necessary for the Village to determine if the performance of the business complies with the terms of the loan agreement. Files must be maintained as long as the loan is active or for at least three years after completion of the work for which the loan has been obtained, whichever is longer.
- 2) To submit financial statements and periodic progress reports during the outstanding term of the loan.

7.2 LOAN REPORTING & REVIEW

All loans will be reviewed on an annual basis and include the following action steps:

- 1) The review will follow receipt of the fiscal year-end financial statements, the year-end progress reports, and site visits. A loan review report shall be placed in the file and address the following: timeliness of monthly payments; condition of collateral securing the loan and status of overall financial condition of the business.
- 2) If the business is experiencing problems, the Loan Review Panel will work with the loan recipient to identify actions that are needed to correct the identified deficiencies.
- 3) In the event the business is in default on any of the terms and conditions of the loan agreement, all sums due and owing, including penalties will, at the Village's option, become immediately due and payable. To exercise this option, the Village Attorney will prepare a written notice to the business.

For More Information Please Contact:

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