

Small Business Revolving Loan Fund Microloan Program

Microloan Program Guidelines



Small Business Revolving Loan

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DEADLINE: July 1, 2020

What is it?

- The City of Fostoria in cooperation with the Fostoria Economic Development Corporation and the Fostoria Area Chamber of Commerce have been working on creating a Small Business Revolving Loan Fund. In light of the COVID-19 epidemic, we have worked to alter the program to assist with the unprecedented issues currently facing our small businesses within the City of Fostoria.
- This fund will be used to provide our local small businesses with a zero interest loan for the purpose of assisting them during this national emergency or assisting them in reopening when the emergency comes to an end.
- These loans are designed to supplement larger funding programs available through the state and federal governments, the Small Business Administration, and other financial institutions.

Who is Eligible?

For the Microloan Program, any small business with less than 5 full-time employees are eligible to apply for financing through this program.

The following types of firms are eligible for the Small Business RLF program financing: Retail, Restaurants, Service Industry, Small Manufacturing, and Professional Services.

Ineligible activities include debt refinancing, taverns, owner operator trucking, nursing homes, day care centers, vehicle dealers, and adult entertainment facilities. Other activities based on the discretion of the RLF Administrative Board.

Eligible businesses must be for-profit and located within Fostoria City limits.

This funding is a local source of fixed asset financing that will be available to local small businesses. This includes funding for working capital, inventory, staffing, utilities, and related costs.

Committee reviews all completed loan applications, analyzes the request, approves/disapproves the loan, and oversees the general operation of the microloan fund.

To determine eligibility, certain criteria will be considered:

- ⇒ The needs for assistance; whether the terms of the proposed financing are appropriate considering the business's financial condition and whether the proposed expenditures are necessary now or perhaps in the future.
- ⇒ The community's need for the activity;
- ⇒ Whether the level of assistance to the business is proportionate to the benefit the public will receive.

Pre-Application Process:

Potential Applicants can download the Application and Program Guidelines off the Fostoria Economic Development Corporation website or the Fostoria Area Chamber of Commerce website. If there are any questions, the potential applicant can call either office and discuss their needs and determine whether the funding is necessary now or in the future.

Fostoria Economic Development Corporation

www.fostoriaedc.org

419-435-7789

Fostoria Area Chamber of Commerce

www.fostoriaohio.org

419-435-0486

Applicants will provide us with background information, financial information, and supporting documentation for the project evaluation.

Application Processing:

Applicant will complete the loan application and submit it via email to both fostoriaed@aol.com and Sarah@fostoriachamber.com for initial review to ensure the request is complete and that it meets the program guidelines.

Applicants will be contacted if there are any questions or additional information is needed.

All communication for this loan process will be done via email or phone calls.

Evaluation Criteria:

Financial Evaluation

- **Financial Status of the Business:** An evaluation of the past/present financial performance of the business.
- **Personal Guarantee from Business Owner**
- **Recipient must maintain full business insurance for the duration of the loan with the Fostoria Revolving Loan Fund listed as loss payee**

Business Evaluation

- **Continuity Plan:** Some form of continuity plan or re-opening plan that must be described in your application.

Public Purpose Evaluation

- **Benefit to the Community:** Loan will be evaluated based on the overall benefit to the community, at this time.

Loan Terms and Conditions:**Loan Amount:**

Loans will not exceed \$5,000.

Loan Term

Loan terms will typically not exceed 3 years. In most cases, repayment will be made on a monthly basis. Repayment will not begin until January of 2021. If a business wants to begin payments sooner or payoff the loan in advance of the amortization schedule that will be provided, there will be no penalty.

Interest Rate

Interest rate for these microloans will be at 0%.

If your Loan is Approved:

You will be required to sign a loan agreement.

You will also be required to provide semi-annual financials to the office for review.

If you have any questions, contact:

Renee Smith, Administrator

Fostoria Economic Development Corporation

419-435-7789

fostoriaed@aol.com

*** It should be noted that this funding can not only be used to help your business weather the current national emergency but we will also be utilizing this money to help businesses re-open their doors after the emergency ends. Businesses can utilize this funding **1 time only** so please evaluate when this funding would be most beneficial to your business. This is something the committee will be evaluating when reviewing applications.