



COVID-19 Small Business Emergency Microloan Program

13065 Orono Parkway
Elk River, MN 55330
763.635.1000



ElkRiverMN.gov

COVID-19 Small Business Emergency Microloan Program

Purpose: The City of Elk River Economic Development Authority (EDA) has developed the small business emergency assistance microloan program to provide financial assistance to locally owned and operated businesses adversely impacted by the COVID-19 pandemic.

Eligibility:

- a. The COVID-19 Small Business Microloan program is available to small businesses business located within the city of Elk River.
- b. Eligible business types include locally owned and operated businesses noted in Executive Orders 20-04 and 20-08, including:
 - Restaurants, cafes, coffeehouses and other places of public accommodation offering food or beverage for on-premises consumption
 - Taverns, brew pubs, microbreweries, distilleries, wineries, tasting rooms and other places of public accommodation offering alcoholic beverages for on-premises consumption
 - Gymnasiums, fitness centers, indoor sports facilities, indoor exercise facilities, exercise studios, businesses offering massage therapy or similar body work, spas, salons, nail salons, cosmetology 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.
 - Art and music studios
 - Bowling alleys, skating rinks and other similar recreational or entertainment facilities
 - Other businesses deemed nonessential under executive orders adopted by the Governor of the State of Minnesota
 - Other businesses as approved by the EDA
- c. The business must have been in operation for prior to the Governor's Executive Order.
- d. Be a legal entity registered with the Minnesota Secretary of State and be in good standing;
- e. Be a conforming or legally nonconforming use under the current zoning regulations of the city
- f. Not be in violation of the city's zoning code
- g. Be in compliance with city ordinances, codes, licensing, and must not have any delinquent taxes, bills, or other charges due to the city

Amount: Up to \$20,000 Loan
Up to \$5,000 in Property Tax Relief

Application Fee: Waived

Equity: None

- Rate: Fixed at 0%.
- Term: Loans will be payable over 5 years and will be amortized over a period of 10 years.
- Payment: Loan is deferred for 6 months upon approval of the loan agreement.
- Forgivable: Up to \$5,000 is eligible for forgiveness for property tax relief for taxes payable in 2020. Lease or ownership documentation is required. Forgiveness for property tax relief will be granted if the Borrower has met the reporting requirements listed below.
- Extension: In the event that the Borrower is unable to obtain conventional financing to replace the Microloan at the end of five years, the loan may be extended up to two additional years at a market rate of interest.
- Collateral: Loans must be supported by sufficient collateral, which will include personal guarantees and/or corporate guarantees.

Supporting Documents:

- a. Proof of ownership or signed lease.
- b. Proof of submittal, acceptance, approval and/or denial of SBA and DEED loan applications (not absolutely required)
- c. Copy of page from business's most recent federal tax return indicating gross receipts or sales
- d. A W-9 form (with signature)
- e. Other supporting documentation you wish to provide to the EDA to assist in understanding the applicant's situation.
- f. Narrative descriptions and estimated calculations of the negative impacts on the business due to COVID-19
- g. Description of costs to be paid with the proceeds of the loan
- h. Narrative description of the current plans for resuming operations following the COVID-19 crisis

Permitted Fund Uses:

- a. Awarded funds may be used exclusively for current payroll obligations (may not include employees who have been laid off), lease or mortgage payments, utilities, accounts payable, property taxes and other critical business expenses that can't be paid as a direct result of the COVID-19 pandemic. Awarded funds may not be used for business owner's/manager's personal uses or expenses.

Ineligible Fund Uses:

- a. Assistance cannot be provided to businesses or nonprofits that:
- b. Do not have a physical business address within the City of Elk River
- c. Are home-based businesses
- d. Derive income from passive investments without operational ties to operating businesses

- e. Primarily generate income from gambling activities
- f. Generate any part of its income from adult-oriented or tobacco/vaping-related activities
- g. Have no current or historical financial statements
- h. Previously received emergency funds from the EDA

Availability of Funds

- a. Funds are on a first come, first serve basis for qualifying businesses. Funding will be provided until the funds are exhausted or the city-declared state of emergency declaration is lifted, whichever comes first.

Reporting

- a. As a condition for receiving funding, all recipients are required to submit a brief report to the EDA within two months after receiving funds, specifying how the funds were used and providing evidence in the form of paid invoices, statements or similar documentation.

For what purpose will these funds be used? Please include proposed expenses up to the total funding request (For example: lease expenses for June (\$2,000), payroll for employees, utilities, etc).

Describe current plans for resuming operations following the COVID-19 crisis

Principal #1

Name	DOB	SS#
Address	City	ZIP
Percentage of Ownership _____%		

Principal #2

Name	DOB	SS#
Address	City	ZIP
Percentage of Ownership _____%		

Primary Lender

Name	Phone	Ref#
Address	Fax	
Contact	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 city limits of Elk River, MN.
- All eligible applicants must be registered with the Minnesota Secretary of State.
- All eligible applicants must be current with Sherburne County property taxes.

Application Requirements

- The "COVID-19 Small Business Emergency Microloan Program" application must be completed in its entirety by the applicant and submitted to the City of Elk River 13065 Orono Parkway, Elk River, MN 55330; or submitted electronically to aouthoudt@elkrivermn.gov in order to be considered.**
- All loans will be subject to the EDA's COVID-19 Small Business Emergency Microloan Program.**
- Applications will be considered on by the Joint Finance Committee and acted on by the EDA.**
- The most recent federal tax return filed by the business indicating gross receipts of sales.
- Income statements and balance sheets for the past year or current within 90 days, if the business has been in business less than one year.
- Proof of ownership or signed lease.**
- Proof of submittal, acceptance, approval and/or denial of SBA and DEED loan applications (not absolutely required)
- A W-9 form (with signature).**
- Other supporting information requested from staff to review eligibility.**
- If funds are awarded, a brief report to the EDA within two months after receiving funds, specifying how the funds were used and providing evidence in the form of paid invoices, statements or similar documentation.**

****Only needed for property tax relief**

Applicant Acknowledgement

- The Applicant shall hold the EDA, its officers, consultants, attorneys, and agents harmless from any and all claims arising from or in connection with the COVID-19 Small Business Emergency Microloan Program or its application, including but not limited to, any legal or actual violations of any State or Federal laws.
- The Applicant recognizes and agrees that the EDA retains absolute authority and discretion to decide whether or not to accept or deny any particular application, and that all expenditures, obligations, costs, fees, or liabilities incurred by the Applicant in connection with the application are incurred by the Applicant at its sole risk and expense.
- The Applicant acknowledges that they have read the COVID-19 Small Business Emergency Microloan Program guidelines and understands that if the application is approved for funding, loan funds awarded must only be used to pay eligible expenses.

Data Privacy Notice: The City and the EDA are subject to Minnesota Statutes Chapter 13 (the “Minnesota Government Data Practices Act”). The application shall become the property of the City and/or EDA and is subject to the Minnesota Government Data Practices Act.

LOAN PROGRAM 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. I agree to be bound by all terms and conditions of the COVID-19 Small Business Emergency Microloan Program. The City of Elk River Economic Development Authority 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 Finance Committee and boards as is necessary to approve the application for its loan funds.

Signature/Title of Applicant: _____ Date: _____

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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 Small Business Emergency Microloan. The EDA retains final authority to determine if a business is eligible or not, and whether to approve a loan or not.

For questions, call 763-635-1042 or cell at 763-218-2766 or email aouthoudt@elkrivermn.gov

COVID-19 Small Business Emergency Microloan Program Policy History

Adopted by:	On (date)	Item #
EDA	5/18/2020	7.2