

Redwood County EDA COVID-19 Emergency Business Loan Guidelines

Redwood County Government Center
Economic Development Authority
403 South Mill Street Redwood Falls, MN 56283



The mission of the Redwood County Economic Development Authority (“EDA”) is to be a catalyst for economic growth, job creation, business retention and improve the quality of life in Redwood County.

On March 16, 2020, Minnesota Governor Tim Walz signed Executive Order 20-04 ordering the temporary closure of Minnesota restaurants and bars to dine-in customers. Two days later, on March 18, 2020, Governor Walz issued Executive Order 20-08 which ordered the closure of places of public accommodation including but not limited to salons, barbershops, gyms and other businesses in which the recommended social distancing in public places could not be adequately maintained.

These Orders and the safety precautions such as social distancing have significantly affected small businesses. The EDA, supported by the Redwood County Board of Commissioners, has determined it is in the best interest of businesses and the overall economy of Redwood County to create an Emergency Business Loan Program affected by the pandemic.

PROGRAM GOALS

- Provide emergency financing for Redwood County businesses who are experiencing financial hardships due to the COVID-19 pandemic business restrictions.
- Allocate up to \$200,000 for this program.
- Ensure all loans will be beneficial for Redwood County and are paid back in a timely manner.
- Facilitate business survival, especially small businesses, during this pandemic.
- Enhance, to the greatest extent possible, the retention of jobs throughout Redwood County.
- To facilitate fund disbursement within a reasonable timeframe to applicants approved.

LOAN CONDITIONS

- Maximum loan amount is \$5,000. Applicants may request funding one time under this program.
- Interest rate will be 0%.
- Loan payments may be deferred until January 1, 2021.
- Monthly loan repayments will be determined based on the amount the borrower is awarded, but will not exceed \$225 per month and will continue until the loan is repaid in full. The repayment period shall not exceed 24 months from the date of first draw of loan funds by the borrower.
- Borrowers may prepay without penalty.
- Upon default of loan, the permanent closure or sale of the business, or upon the moving of the business out of Redwood County, the loan immediately becomes due and payable in full.

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- Loans are non-transferrable unless approved by the Redwood County Board of Commissioners.
- Loans will be secured. Redwood County EDA will work with the borrower to obtain security that is adequate for the term of the loan. If the same collateral is used in joint financing, the loan will seek a parity position with other lenders, but shall equal or exceed the value of the loan. Types of security may include:
 - Mortgage Lien on Real Property
 - Machinery and equipment which have a developed market
 - Letter(s) of credit from acceptable financial institution(s)
 - Accounts receivable and inventory for short-term loans
- Borrower will be required to maintain fire insurance, and flood insurance if necessary, on secured assets.
- COVID-19 Emergency Business Loan Program will be available on a first come-first serve basis as long as funds last, but not to exceed June 30, 2020. Redwood County Board of Commissioners reserves the right to limit the amount of funds available for this program and amend the program eligibility requirements and guidelines at any time.
- Applicants will be required to execute a loan agreement before funds are disbursed.
- Loan payment method will be automatic withdrawal (“ACH”).

ELIGIBILITY REQUIREMENTS

- Any current operating, for-profit business located within Redwood County that has been impacted by the COVID-19 pandemic.
- The loan program may only be used to supplement current operating businesses and may not be used for new business startups.
- Applicants must be registered with the Minnesota Secretary of State and have been in business since December 1, 2019.
- Applicant must be current with Redwood County property taxes.

ELIGIBLE LOAN ACTIVITIES

- Operating capital to assist the business with sustaining itself until longer-term assistance programs are available.
- Inventory or equipment needed to resume or re-structure operations of the business.
- Other activities having sufficient merit as determined by the EDA Loan Review Committee on a case-by-case basis.

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APPLICATION PROCESS AND REQUIREMENTS

- In order to facilitate a quick turn around and response to applications, recommendations for approval of loan applications will be made by the Redwood County EDA Coordinator to the Redwood County Board of Commissioners. In the event, an application lacks sufficient information or the EDA Coordinator is unable to make a recommendation, the EDA Loan Review Committee will review the application and develop a recommendation. Final approval of each application will be made by the Redwood County Board of Commissioners at their regularly scheduled board meetings.
- Together with the COVID-19 Emergency Business Loan Program application, Applicants are required to submit the following supporting documents:
 - The most recent federal tax return filed by the business.
 - 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.
- All required documentation must be completed in their entirety by Applicant and submitted to the Redwood County EDA electronically or via mail as listed below.

CONFLICT OF INTEREST

- If a potential conflict of interest exists, all necessary steps will be taken to ensure the loan application is processed in full accordance with the Redwood County EDA Board policies, and local and State regulations.

CONTACT INFORMATION

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