

# City of Springfield Business Assistance Forgivable Loan Program

## How does the program work?

- Businesses/owner must demonstrate a hardship that was caused by the COVID-19 virus outbreak
- Maximum \$10,000 forgivable loan
- Must have a physical location within the city limits of the City of Springfield and be a for-profit business
- This program is contingent upon the availability of funds. Applications will be processed in the order they are received. In order to process your application, it must be complete

## Am I eligible to apply?

- Business/owner must have been in operation for at least one year prior to application
- Applicant must be a 51%+ majority owner of the business
- Business/owner must have a valid SS# or EIN and a business bank account
- Business/owner must not be in bankruptcy
- Business/owner must be current with business property taxes and city fees
- Business/owner must be able to provide current insurance information
- Business/owner must be current on terms of any existing City of Springfield loan
- Business/owner must not have a conflict of interest with the City of Springfield (i.e. employee of the City of Springfield or member of City Council may not have a direct or indirect personal or financial interest in the business)

## Who is not eligible to apply?

- Businesses/owners outside the city limits of the City of Springfield
- Nonprofit organizations
- Other ineligible businesses/owners include payday businesses, liquor and tobacco stores, pawn shops, firearm or other weapons dealers, adult entertainment, passive real estate investments, or any business/owner operating without appropriate zoning, licenses and/or permits

## What are the job retention requirement?

Pre COVID employment level	Number of low/mod FT or FT equivalent jobs to be retained
1-5 employees	1 job
6-15 employees	2 jobs
16-25 employees	3 jobs
26-35 employees	4 jobs
36-50 employees	5 jobs
Above 50 employees	20% of pre-COVID employment level

- You must provide sufficient documentation that jobs would have been lost without this loan assistance by providing profit/loss statements from January 2019-May 2019 and profit/loss statements from January 2020-May 2020
- Must provide documentation showing low/mod FT or FT equivalent employee(s) were retained by completing and submitting the attached job retention form within 8 weeks of receiving funds

**What are the terms and interest rate for this forgivable loan?**

- 1-year deferred payments at 0% interest rate
- Business/owners must remain open for 1 year from approval
- Business/owner must retain and document the required number of low/mod income FT employee(s) or FT equivalent employee(s)
- If the business/owner has no employees, the owner must be able to document they are a low/mod owner
- If the business/owner remains open for 1 year after loan approval and documents the required number of low/mod income FT employee(s) or FT equivalent employee(s), the loan becomes a grant and no payments are ever due
- If the business/owner fails to retain or document their low/mod FT or FT equivalent job(s) or fails to remain open for one year the loan must be repaid within 24 months after initial 1-year deferred period, at 2.5% interest which shall begin accruing after initial 1-year deferred period

**What can the funds be used for?**

- Funds may be used for operating expenses for day-to-day operations including but not limited to payroll, rent/mortgage costs, utilities, inventory, food supplies and insurance.

**What can I not use the funds for?**

- Equipment, construction or expansion
- Any items that are **currently** being covered by the PPP or EIDL program
- Payment of non-business debt
- Personal expenses or purchases of personal items
- Political activities
- Taxes and fines

**What happens after I apply?**

- The loan review process will be carried out by city staff after receipt of all required materials
- After review and if approval is granted, documents will be prepared for signing and after signing loan funds will be available to be drawn
- Funds will be disbursed by reimbursement to the business for documented eligible project expenses or paid directly to third party vendors for purchase orders