



Board Of County Commissioners

**COVID-19 Small Business Emergency Stabilization  
Loan Fund**

April 7, 2020

# COVID-19 IMPACTS



Charlotte Observer

**'Just devastating': Charlotte's small businesses fight for survival amid coronavirus**

- Mecklenburg County is home to 28,798 small businesses consisting of 49 employees or less, which are being significantly impacted by
  - Forced temporary closures
  - Loss of revenue / customers
- NC Initial unemployment claims between March 16 and March 28 totaled 285,000 compared to average of 3,500 per week in 2019
- OED is experiencing a dramatic increase in the number of calls for assistance from small business owners
- It is clear that the challenges facing the small business community are immediate, widespread and threaten the ability of many to continue operations



# FEDERAL RESPONSE

## Small Business Administration

- Economic Injury Disaster Loan
  - Up to \$2,000,000
  - Up to 10 additional forms may be required after initial application submission
  - Can take up to 3 to 4 months to receive funding
  - Completed and filed tax forms and schedules required
  - Interest rate varies depending on existing relationship with SBA
  - Loan amount determined only after insurance reimbursement amounts confirmed
  - Temporary bridge loan of \$10,000 available but counts against the overall loan amount



# PHILANTHROPIC RESPONSE

## Golden Leaf Foundation - NC COVID 19 Rapid Recovery Loan

- Launched March 24, reached \$15,000,000 capacity by March 29
- Up to \$50,000 based on the business's current revenue
- Loan capped at two months of current revenue
- Six months of no interest and no payments, followed by 48 months of principal and interest payments at 5.5% interest
- Interest will begin to accrue on any unpaid balance at the beginning of the seventh month
- There are no prepayment penalties
- Defaulted loans are subject to collections

Thank you for your interest in the NC COVID-19 Rapid Recovery Loan. We have received applications in excess of our current funding and are actively seeking additional funding to expand the program. Applications already submitted are being processed in the order they were received. **You are welcome to continue with your application, and we will review it as additional funding becomes available.**

[CONTINUE TO APPLICATION](#)



# MECKLENBURG COUNTY RESPONSE

## COVID-19 Small Business Emergency Stabilization Loan

- Rapid deployment of capital to meet immediate needs of small businesses
  - Simplified application
  - Funds in 10 calendar days of completed application submission
- Can be used for:
  - Lease or real estate loans
  - Operating capital
  - Payroll
  - Immediate payables
  - Utilities



# ELIGIBLE BORROWERS

- Business and/or principal located in Mecklenburg County
- Existing business with a minimum of 2 years in profitable operation or growth trajectory, documented by 2018 tax returns and 2019 profit & loss statement
- Business with up to 50 (full-time equivalent) employees
- Demonstrate that financial obligations and operating expenses could have been met absent the economic impact of the COVID-19
- Start ups and companies less than 2 years old not eligible for this program can seek funding through the County's Small Business Loan Fund



# LOAN TERMS

- Loan Amount: Up to \$35,000, minimum of \$10,000
- Term: Up to 10 years
- Interest Rate: 3%
- Repayment: 12 months of interest only payments followed by 9 years of principal and interest
- Prepayment: No prepayment penalties + reamortization of loan if any one payment exceeds 20% of outstanding balance
- Collateral: General UCC filing on business assets
- Personal guarantee:  
All owners with 20% or more ownership in business



# PROGRAM BENEFITS

- Rapid access to bridge funds until long term recovery funds can be accessed from other sources
- Technical assistance for loan recipients
- Long term amortization and low interest rate results in low monthly payments

Monthly Payments				
Loan amount	# of months	\$25,000	\$30,000	\$35,000
Interest only	12	\$63	\$75	\$88
Principal & Interest	108	\$264	\$317	\$370





# PROGRAM FUNDING

- \$5 million from FY2020 Fund Balance for lending
  - Will provide at least 142 loans if all at program maximum
- \$500,000 from FY2020 reallocated funds to reimburse third party lender for administrative and marketing costs
- \$500,000 from FY2020 reallocated funds to reimburse third party lender ongoing technical assistance and support to loan recipients



# PROGRAM IMPLEMENTATION

Third party Administrator:

Carolina Small Business Development Fund

- Current loan administrator for Mecklenburg County Small Business Loan Fund
- Ability to quickly mobilize with contract similar to existing contract
- Previous experience in emergency funding programs with Golden Leaf Foundation
  - Applications and underwriting systems available for immediate implementation
  - 10 days from completed application to funding in hand for qualified borrowers



# PROGRAM IMPLEMENTATION

## Simplified Application Process

- One page simplified loan application (online)
- Statement describing how the COVID-19 has adversely impacted the business
- Copy of driver license
- Copy of lease agreement or mortgage statement
- Tax returns (business) 2018 & P&L statement for 2019
- Tax returns (personal) 2018
- Year-to-date P&L statement including balance sheet
- One year of income and expense projection including cashflow

