

Small Business Emergency Loan Application Instructions



Disaster Event: COVID-19
Application Deadline: July 1, 2020

PURPOSE: The State of Illinois is attempting to stop the spread of COVID-19 through self-isolation and social distancing. This is severely harming small businesses, which rely so heavily on foot traffic. In an effort to assist small businesses, the city of Quincy is establishing a \$500,000 account to fund emergency low-interest loans to help bridge the gap to either longer term Small Business Administration (SBA) loans or commercially available loans. Qualifying small businesses located within the city could receive up to \$10,000 to help them get through these difficult times. SBE-LF monies will be offered on a first-come, first-serve basis until all funds are dispersed.

ELIGIBILITY REQUIREMENTS: In order to qualify for a SBE-LF, the business must:

- Be for-profit and privately held.
- Be located within the corporate limits of the city of Quincy.
- Be located outside of the personal residence of any owner.
- Have been established prior to January 1, 2020.
- Have no fewer than 2 and no more than 50 employees.
- Be able to demonstrate economic injury as a result of COVID-19.
- Not have any outstanding loans from the city of Quincy.

Properties/units used solely for residential purposes are not eligible. Such purposes include, but are not limited to, single-family, two-family and multi-family residences.

Businesses operating out of a mixed-use building (residential & commercial) are eligible for the program. The residential units in the building are not eligible for the program.

TERMS OF THE LOAN

- A. The term of the City of Quincy's SBE-LF will be 18 months.
- B. The interest rate will be 1.0% annually, compounded monthly.
- C. The first payment to the city can be made at anytime, no later than six months after the start of the Loan Agreement.
- D. Payments must be made on the same date in each subsequent month, immediately following the month in which the first payment is made.
- E. Other standard loan terms common to the industry.
- F. Example of Monthly Amortization Schedule for a \$10,000 loan:

Amortization Schedule

Payment Date	Payment	Principal	Interest	Total Interest	Balance
Nov 2020	\$837.85	\$829.52	\$8.33	\$8.33	\$9,170.48
Dec 2020	\$837.85	\$830.21	\$7.64	\$15.98	\$8,340.27
Jan 2021	\$837.85	\$830.90	\$6.95	\$22.93	\$7,509.36
Feb 2021	\$837.85	\$831.60	\$6.26	\$29.18	\$6,677.77
Mar 2021	\$837.85	\$832.29	\$5.56	\$34.75	\$5,845.48
Apr 2021	\$837.85	\$832.98	\$4.87	\$39.62	\$5,012.49
May 2021	\$837.85	\$833.68	\$4.18	\$43.80	\$4,178.82
Jun 2021	\$837.85	\$834.37	\$3.48	\$47.28	\$3,344.45
Jul 2021	\$837.85	\$835.07	\$2.79	\$50.07	\$2,509.38
Aug 2021	\$837.85	\$835.76	\$2.09	\$52.16	\$1,673.62
Sep 2021	\$837.85	\$836.46	\$1.39	\$53.55	\$837.16
Oct 2021	\$837.85	\$837.16	\$0.70	\$54.25	\$0.00

REQUIRED DOCUMENTATION

- A. 2019 Federal Business Income Tax Return (if filed). If not filed, a year-to-date profit and loss statement as of 12/31/19.
- B. Employer Tax Documentation.
 - a. IRS Form W-2s and/or IRS Form 1099-MISC (for minimum of two employees).
- C. The previous 12 months of ST1 Forms (Illinois Sales Tax).
- D. 2019 (if filed) and 2018 Federal Individual Income Tax Return (if fewer than 12 months of ST1 forms available).
- E. Personal Financial Statements.
- F. Current balance sheet for the business.
- G. A completed IRS Form W-9. In order for the city to disperse loan funds a completed W-9 (Request for Taxpayer Identification Number and Certification) needs to be submitted with a loan application.
- H. Additional financial documentation may be required.

ACCEPTABLE USES OF THE LOAN: Funds received from the SBE-LF can only be used for the following purposes:

- A. Employee Wages and/or Benefits
- B. Business-Related Supplies
- C. Rent/Mortgage for Location of Business
- D. Utilities for Location of Business
- E. Insurance for Business

UNACCEPTABLE USES OF THE LOAN: Funds from the SBE-LF cannot be used for the following purposes:

- A. Employer Wages and/or Benefits
- B. Personal Expenses of Employer
- C. Debt Incurred Prior to March 9, 2020, except for rent/mortgage payments. Debt incurred prior to March 9, 2020 may be approved by the committee if deemed necessary to the survival of the business.
- D. Construction, Remodeling, or Renovations

REVIEW COMMITTEE

A SBE-LF program will use the existing Central Business District Revolving Loan Fund Committee. The committee will review the applications to determine compliance with eligibility requirements and decide whether to approve or deny loans. The review committee will meet as needed based on the loan applications received. Department of Planning and Development will inform the applicants as to whether their loan was

approved or denied and administer and manage the loan program. **The goal of the committee is to review and make loan decisions in seven days of receipt of loan application. This time frame depends on having the necessary financial documents from the applicant.**

LOAN SECURITY AND COLLATERAL

Loans must be secured by collateral sufficient to assure repayment of the loan. Acceptable security would include a mortgage on land and/or building. A personal guarantee from each major principal in the company is required. The committee may determine the need for other required security or collateral. Uniform Commercial Code (UCC's) will be filed on all business assets.

LOAN DEFAULT NOTICE

Each loan must be repaid in full by the maturity date established in the loan promissory note. Any loan not repaid in full on or before the maturity date will be considered in default. Interest rates on loan after the 18 month repayment period increase to 10% per annum. A defaulted loan will incur interest and may be assigned to a collection agency. In the event of default, the borrower will be responsible for the full amount of the loan principal, interest, collection agency fees, attorney fees and court cost.

DISCLAIMER

The City of Quincy's SBE-LF is not designed to be the primary source of assistance for affected small businesses. Loans made under this program are short-term debt loans made by the city of Quincy using public funds – they are not grants. Evidence of appropriate use of City loan funds may be required.

LOAN CLOSING PROCESS

A borrower must sign an agreement stating that the proceeds of the loan will be used only for purposes of maintaining the business (as listed above). The loan is not to be used to repay debt incurred prior to March 9, 2020 (as described above). A borrower will be required to certify the financial sources that will be used to repay the loan.

Required Documents to Sign by Applicant and/or City:

- A. Promissory Note
- B. Memorandum of Understanding
- C. Business Purpose Statement
- D. Loan Settlement Statement
- E. Assignment of Proceeds from other sources
- F. Closing Checklist
- G. Payment Coupon
- H. Mortgage documents or security instrument

Loan proceeds will be sent to the loan recipient after loan closing. City Comptroller requires approximately 10 to 14 days to issue a check.

LOAN APPLICATION: Loan application shall be completed and submitted to the Department of Planning and Development. A loan application form will be made available by the Department and on line at: <https://www.quincyl.gov/growth/economic-development/small-business-emergency-loan>
Applicants must provide detail financials as required in Section 4. Required Documentation.

FEES No fee to submit a SBE LF application. If a loan is approved attorney review, filing and recording fees shall come out of the loan proceeds.

LOAN APPLICATION SUBMISSION

Please email the following application and requested financial documents to chuckb@quincyl.gov. The application and requested documents can also be mailed to

City of Quincy
c/o Planning & Development Department
706 Maine Street, 3rd Floor
Quincy, IL 62301

Please direct any questions about the loan program or the application to Chuck Bevelheimer, Planning Director,
Planning & Development Department – (217) 228-4515.

M:chuck/Economic development/SBE-LF/ SALL Business Emergency Loan Application Description 3-26-20

CITY OF QUINCY
SMALL BUSINESS EMERGENCY LOAN APPLICATION

Disaster: COVID-19
Application Deadline: TBD



Business Information

Business Legal Name: _____

Business Type: S-Corporation Partnership Sole Proprietorship
 LLC Other _____

Business Physical Address: _____

Business Phone: _____ Email: _____

Business Primary Activity: _____

Date Business Established: _____

Current Management Since: _____

Employees as of March 1, 2020: Full-Time: _____ Part-Time: _____

Current Number of Employees working on-site: Full-Time: _____ Part-Time: _____

Current Number of Employees working remotely: Full-Time: _____ Part-Time: _____

Revenue in March 2019: _____ Revenue in March 2020: _____

List All Owners &
Percentage of Ownership

Applicant Information

Applicant Name: _____

Applicant Relation to
Business Listed Above: _____

Applicant Address: _____

Applicant Phone: _____ Email: _____

Loan Information

Amount Requested from Small Business Emergency Loan Fund: _____

Reason for Applying: _____

Describe how funds will be used to maintain business operations or to reopen after the disaster:

Describe how the funds will be repaid:

Certification & Release

Has the applicant, business, or any current owner ever been involved in a bankruptcy or insolvency proceeding?	Y / N
Are there any outstanding judgments, tax liens, or pending lawsuits against the applicant, business or any current owner?	Y / N
Is the applicant, business, or any current owner delinquent on any city, county, state or federal taxes, loans, grants, or contracts or on child support payments?	Y / N
Is the applicant, business, or any current owner barred from contracting with the city, county, state, or federal governments or from receiving loans from such entities?	Y / N
Has the applicant or any current owner been arrested in the past six months for any criminal offense? If yes, please explain:	Y / N
Is the applicant or any current owner presently subject to an indictment, criminal information, arraignment or other means by which formal criminal charges are brought in any jurisdiction? If yes, please explain:	Y / N
Other than a minor vehicle violation, has the applicant ever 1) been convicted, 2) plead guilty, 3) plead nolo contendere, 4) been placed on pre-trial diversion, or 5) been placed on any form of parole or probation (including probation before judgment)?	Y / N

I hereby give permission to the city of Quincy to research the business' history, make credit checks, contact the business' financial institutions, insurance carriers, and perform other related activities necessary for reasonable evaluation of this application. I also state that the information provided above is accurate to the best of my knowledge.

(Applicant Signature)

(Date)