

City of Washburn

Covid-19 Business Relief Loan Program

Policy Guidelines

- I. PURPOSE:** The City’s intent in establishing this loan fund is to provide financial assistance business owners in the City of Washburn that have been adversely affected and/or required to shut down in response to the Covid-19 pandemic.
- II. OBJECTIVES:** The Covid-19 Business Relief Loan Program has the following objectives.
- A. To allow impacted businesses to continue to make payroll for their employees.
 - B. To lessen the financial impact that the Covid-19 pandemic and associated “Safer at Home” order from the Governor has caused to local businesses.
 - C. To retain jobs and bring additional employment opportunities to the City.
 - D. To make use of funds the City has set aside for the enhancement of the City’s businesses, which are deemed an asset of the City.
 - E. To spur activity which may not otherwise have occurred.
- III. APPLICANT ELIGIBILITY:**
- A. General Purpose:
The Covid-19 Business Relief Loan Program will be available to businesses within the City of Washburn that have a physical presence within the City and have been negatively impacted by the Covid-19 pandemic.
 - B. Applicant Eligibility:
 - 1. Applicants must have a physical location within the City of Washburn apart from the owner’s primary residence.
 - 2. Applicants must have been open and operating a business for at least two-months prior to Governor Evers declaring a Public Health Emergency due to Covid-19 on March 12, 2020.
 - 3. Applicants must have suffered a negative financial impact from the Covid-19 pandemic
 - 4. Applicants who are delinquent with their property or personal tax, utility payments if the combined delinquency is over \$2,000, or have outstanding municipal code violations are not eligible until said issues are resolved. Delinquent property tax, personal property tax, and utility payments will be automatically deducted from the loan proceeds prior to distribution to otherwise eligible recipients.
 - C. Non-Eligible Businesses:
 - 1. Home occupations that have no physical presence within the City other than the owner’s primary residence.

2. Property management and/or residential property rental businesses if seventy-five percent (75%) or more of the company's revenue is from the management and/or rental of residential properties.
3. Businesses that have not operated within 2-months prior to March 12, 2020. This criterion may be waived if the business is solely seasonal and the Applicant can establish that the business operated in the summer of 2019 and the business operations are or will be impacted by the Covid-19 pandemic.
4. Businesses that have not and/or will not suffer a negative financial impact from the Covid-19 pandemic.
5. Transient business such as vendors and food trucks.

IV. PROGRAM TERMS & CONDITIONS:

A. General Requirements

1. Applicants must include a description of the type of business conducted, including the address of the physical presence within the City of Washburn. If the applicant owns the real property within the City of Washburn on which it conducts business, the applicant must include that information in the application. The City Administrator and/or City Treasurer may require additional information regarding the existence of a physical presence within the City.
2. Applicants must submit a description of how it has been and/or will be negatively affected by the Covid-19 pandemic.
3. Applicants must submit a statement that it has conducted its businesses for at least 2-months prior to March 12, 2020, or that it is a seasonal business that operated in the summer of 2019. The City Administrator and/or City Treasurer may require additional information regarding the operation of businesses prior to this date, including requesting proof of operation such as tax returns, business licenses, or other financial statements.

B. Approval Authority

1. The City Administrator and City Treasurer will have the ultimate authority to approve or deny applications on a case-by-case basis and may impose certain use conditions on approved loans.
2. Any applicant aggrieved by a decision of the City Administrator and City Treasurer regarding a loan application may appeal said decision to the Common Council.

C. Expiration

The Covid-19 Business Relief Loan Program will expire if one of the following occurs:

1. When the pre-authorized funds, which amount to seventy-six thousand dollars (\$76,000), have been expended, unless additional funding has been authorized by the City Council.
2. When the Finance Committee and/or City Council chooses to eliminate or amend the program.

V. **LOAN TERMS:** All loans granted under this program shall be subject to the following terms and conditions:

- A. The maximum loan shall be \$2,000 per business.
- B. The loan shall be at 0% interest.
- C. The full balance of the loan shall be due upon the sale of the Business' real property that it owns within the City, or within five (5) years of the approval date, whichever is first. If the applicant does not own real property within the City of Washburn, the loan will be due within five (5) years of the approval date.
- D. The loan may not be assigned without the express written consent of both parties. The loan may be prepaid in whole or in part at any time.
- E. Project participation may be limited based on the availability of program funds.
- F. Applicants that own real property within the City of Washburn be required to sign a note and a mortgage as a condition for receiving loan funds. The mortgage will be recorded against the property at the Office of the Register of Deeds. This provision does not require the applicant to issue a note and mortgage encumbering the applicant's and/or owner's primary residence. This provision applies solely to real property owned for a business purpose.
- G. If the applicant does not own real property within the City of Washburn that would require a mortgage pursuant to Paragraph V.F, herein, the applicant will execute a note and security agreement pledging a certain amount of business assets (which may include but are not limited to a business vehicle, computer equipment, and inventory) as collateral for the loan that would be sufficient to secure the entire loan. This security agreement will be registered with the Department of Financial Institutions.
- H. Repayment of the loan shall be guaranteed by the business, if a separate entity, and personally by the owner(s) of the business.

VI. **COVID-19 BUSINESS RELIEF LOAN PROGRAM PROCEDURES:**

- A. Applicant submits loan application to City Administrator containing all of the requirements specified in these guidelines.
- C. City Administrator and City Treasurer reviews application and approves or denies loan request. If approved, conditions may be placed on the use of loan funds.
- D. If denied, applicant may submit a revised application and repeat process or may appeal the denial to the Common Council.
- E. A "loan document" is drafted by City staff that identifies the terms of the agreement. All parties execute said letter. Either a note and mortgage or a note and security agreement are drafted which the applicant signs.
- F. After application is approved, the City Clerk forwards payment directly to the applicant.

**CITY OF WASHBURN
 COVID-19 BUSINESS RELIEF LOAN PROGRAM
 LOAN APPLICATION**

Applicant Information	
Contact Name:	Contact Address:
Business Name:	Business Address:
Day Phone:	Alt. Phone:
FAX:	E-Mail:
Type of Organization: <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> LLC <input type="checkbox"/> Other: _____	Federal ID #:
Do you/your business own the real estate listed at the address above:	<input type="checkbox"/> Yes <input type="checkbox"/> No
If you do not own real estate within the City of Washburn, identify business assets that may be used as security for the loan.	<input type="checkbox"/> Vehicle <input type="checkbox"/> Equipmet <input type="checkbox"/> Inventory <input type="checkbox"/> Other

General Information	
How long has your business operated:	Describe the type of business that you operate:
Do you/your business owe any real property or personal property tax, utility payments, or have any outstanding municipal code violations?	<input type="checkbox"/> Yes <input type="checkbox"/> No

Describe how your business has been/will be impacted by the Covid-19 Pandemic:

How does the proceeds from this Loan will be spent:

If you own real property within the City.
Property Tax ID:

Property Legal Description:

If you do not own real property within the City, describe the collateral that will secure this loan:

Vehicle: VIN _____
Make, Model, Year and Mileage _____

Equipment. _____

Inventory. _____

Other. _____

Certification: The information provided above is true and accurate to the best of my knowledge and I have read and understand the guidelines of the City of Washburn Covid-19 Business Relief Loan Program and agree to abide by its conditions. I understand that I must either (i) sign a mortgage to secure repayment of the loan, and that the mortgage will be recorded as a lien against the property, or (ii) sign a security agreement and UCC Financing Statement to secure repayment of the loan, and such UCC Financing Statement will be recorded with the Department of Financial Institutions as a lien against the property. I acknowledge that the City Administrator has the right to terminate this agreement under the Covid-19 Business Relief Loan Program if I as the applicant am found to be in violation of any conditions set forth in the guidelines of the program.

Applicant Signature: _____ Date: _____

Office Use Only	
Date Application Received:	Does applicant have outstanding delinquent taxes or municipal code violations?
Washburn Administrator/Treasurer Review Date:	<input type="checkbox"/> Approved w/o conditions <input type="checkbox"/> Approved w/conditions (see attached) <input type="checkbox"/> Denied (reasons below)
Authorized Loan Amount:	Reason for Denial if Applicable:
	Date Check Issued: