



COMMUNITY  
DEVELOPMENT  
AGENCY SCOTT COUNTY

# SCOTT COUNTY CDA: SMALL BUSINESS RECOVERY FUND GUIDELINES

A small business recovery fund to support and assist local businesses adversely impacted by the COVID-19 pandemic

*June 12, 2020*

To provide emergency recovery support to small local businesses in Scott County adversely impacted by the COVID-19 pandemic, the Scott County Community Development Agency (CDA) Small Business Recovery Fund will provide forgivable loans of up to \$5,000 to small businesses most in need of support.

Funds will help businesses pay for critical expenses such as current payroll obligations, rent payments, mortgage payments, utilities, and payments to suppliers. Providing this support will increase the capacity of small businesses with a physical location in Scott County to rebound from the current crisis and will help prevent potential future blight scenarios.

The Recovery Fund will be administered through NextStage, a local non-profit that brings extensive experience managing and administering loan funds.

## Terms

- One-time emergency forgivable loan up to \$5,000, based on economic injury from COVID-19 and eligible expenses as defined below
- 0% interest, 12 month term, deferred payments for 12 months
- Loan is 100% forgivable after 12 months, provided the business continues to operate in Scott County in good regulatory standing and has provided all required documentation. If business fails to meet forgiveness criteria, the entire loan amount will be due in full within 30 days.
- Funds can be used for operating expenses, including current payroll obligations, rent payments, mortgage payments, utilities, accounts payable, or other critical business expenses as approved by the fund administrator.

## Eligible Businesses

Businesses must meet all of the following criteria as of March 1, 2020 to be eligible.

- Must be a locally owned and operated for-profit business with a physical establishment in Scott County
- Must employ between 3 to 20 W-2 eligible employees prior to March 1, 2020, and be under \$1 million in annual revenue
- Must have been operating for at least 6 months prior to March 1, 2020
- Must be licensed, in good standing, and not have any delinquent property taxes, if applicable
- Must demonstrate a significant loss in revenue since March 15 (no credit score or collateral requirements apply)

Certain businesses are ineligible, including:

- Home-based businesses; those without a physical establishment
- Non-profit organizations
- Self-employed, independent contractors, or businesses with no employees other than an owner(s)
- Corporate chains, chains not owned/operated by a Scott County resident
- Businesses in default conditions prior to February 29, 2020
- Businesses that primarily derive income from gambling
- Businesses that derive any income from adult entertainment
- Businesses that primarily sell pawned merchandise, guns, tobacco or vaping products
- Businesses that derive income from passive investments; business-to-business transactions; real estate transactions; property rentals or property management; billboards; or lobbying

Businesses that have applied for and/or were awarded any COVID-related federal funding, such as the Small Business Administration (SBA) Economic Injury Disaster Loan (EIDL) or Paycheck Protection Program (PPP) are also eligible and encouraged to apply for the Scott County CDA Small Business Recovery Fund.

However, to preserve local resources and serve as many businesses as possible, duplication of state and local COVID-related emergency funds is not allowed. Businesses that have been awarded or have received COVID-related emergency funds through the State of Minnesota Small Business Emergency Loan (SBEL) are ineligible for this loan.

## Application Process

- Applications will be accepted beginning July 6 through **July 17, 2020 at noon.**
- Application link can be found at: <https://scottcda.org/resource/covid-19-business-resources/>
- If applications exceed the funding available, the fund administrator will select loan recipients using a lottery system.
- The fund administrator, NextStage, will notify approved applicants by email on or before July 31, 2020.

Upon notice of an approved application, applicants are required to submit the following **within 5 business days**:

- 2019 Federal Business Tax Return or appropriate Business Tax Schedule - based on entity type. Businesses that have not yet completed a 2019 Federal Return are eligible to apply and substitute other documentation of revenue, and will need to provide their 2019 Federal Return when completed to qualify for loan forgiveness.
- Evidence of revenue loss related to the COVID 19 emergency. Applicant should submit documentation that best demonstrates the impact and is deemed acceptable to Program Administrator. Some examples of acceptable documentation include comparable-period Sales Tax Reporting, Period Statements from 3<sup>rd</sup>-party Sales Platforms, Merchant Services Statements, and Point of Sale or Register reports.
- Evidence of employment prior to March 1<sup>st</sup>, 2020. Acceptable documentation may include period reporting from a 3<sup>rd</sup>-party payroll processor, applicant's Federal Form 941/Employer's Quarterly Federal Tax Return, or other State or Federal payroll-related filing.
- Any additional documentation or information deemed necessary by the fund administrator to determine eligibility, generate loan documents, disburse loan proceeds, or meet program reporting requirements.
- Failure to submit required documentation will result in forfeiture of loan award.

**Note:** The Scott County CDA reserves the right to revise these guidelines as needed to best address the impact of the current pandemic.