

Pueblo County Business Loan Fund Emergency Policy Addition

The purpose of this Emergency Loan Policy Addition is to allow NeighborWorks Southern Colorado (NWSOCO) leeway in making miniloans of \$20,000 and under, for the purposes of supporting local businesses during the economic downturn caused by reactions to the COVID-19 virus. NWSOCO will be able to make these smaller loans with ratification from the Pueblo County Community Development Corporation (PCCDC) rather than requiring prior approval for going forward as long as the business meets the following criteria:

Micro Business Loan Emergency Program

| | | | |
|---|--|-----------|-----------|
| For Internal Use Only | | | |
| FICO Score (average if there is a co-signer) minimum 580+ | | | |
| Credit Score (without higher authorization) | 580 | 620 | 640 |
| Max Loan before fee- What goes to the client | \$1,000 | \$5,000 | \$20,000 |
| Max Loan terms | 6 Months | 18 months | 24 months |
| Interest Rate | 0% | 2% | 2% |
| Origination fee | 1% | | |
| Documentation Required | | | |
| Borrower Identity | ID and Proof of address (utility bill) | | |
| Character | 2 References (1 personal and 1 Business) | | |
| Business Income | Historic Profit and Loss Statement (this time last year) | | |
| | Interim Business Financial Statement | | |
| | Most recent year tax return | | |
| Use of Funds | | | |
| For businesses within Pueblo County but outside of the City of Pueblo | | | |
| Must be used for reasonable and eligible working capital | | | |
| Must assist in retaining jobs | | | |
| Interest Rates: 6 months: 0%, Over 6 months: 2% | | | |

Credit

Principal business owner(s) must have reasonable and responsible personal credit history and an acceptable explanation for any derogatory marks. Bankruptcies and debt write-offs must be at least 12 months old.

Cash Flow

Businesses must show that historical profits were sufficient to service the requested debt and have been impacted by the COVID-19 outbreak.

Location

Business must be located in Pueblo County but not within the limits of the City of Pueblo.

Microloan Use of Funds

Must be for reasonable and eligible working capital expenses.

Microloan Requirement

Must assist in job retention.

Collateral

Evaluated on a case-by-case basis.

Required Guarantors

All business owners who hold 20% or more ownership must guarantee the loan.

Co-Signer

A co-signer with reasonable credit and sufficient income to re-pay the loan can be included as a guarantor to mitigate weaknesses in the loan request.

Application Fees

\$25 for an individual, \$50 co-borrower (waived for 90 days – July 1, 2020)

Important Documentation

- Complete Loan Application
- Business Tax Returns (*1 year, if available*)
- Interim Business Financial Statement
- Personal Financial Statement
- Personal Tax Returns (*1 year*)
- Bank Statements (*3 months*)
- Sources and Uses of Funds

Microloan Terms**Loan Limits**

\$1,000 to \$20,000

Interest Rate

- Option 1: 0% for a term of 6 months
- Option 2: 2% term of up to 2 years

Term

6 months to 2 years.

Loan Fee

An origination fee of 1% of principal will be charged to the borrower by NWSOCO and is payable at loan closing.

Eligible Uses

Working capital only.

Eligible Borrowers

- Option 1: micro-enterprises that are low-income or will retain low-income jobs
- Option 2: small businesses that will retain low-income jobs

Repayment

Begins at 60 days.

Should any conflicts arise between this document and the original loan policy for PCCDC, then the original loan policy controls. This document will expire within 1 year of passage by the Pueblo County Board of County Commissioners (BOCC) or upon being withdrawn by the BOCC, whichever is first.