



Business Recovery Fund (DRAFT)

Purpose

The Business Recovery Fund is a microloan program intended to provide existing businesses in the City of Charlottesville and Albemarle County funds to restart operations once the COVID-19 pandemic subsides. This program will help restore business activity and employment as close to pre-pandemic levels as practical. This program should increase business and business related tax revenues such as sales tax, meals tax, BPOL, machinery tools and equipment taxes, etc.. These business tax revenues reduce reliance on real property taxes, which are otherwise needed to fund City-County services.

Loan Terms:

- Loans up to \$10,000, or 100% of prior year expenses (Whichever is less)
- 1% interest rate
- No payments for 6 months
- Three-year repayment term (payment begins month 7)
- Loans cannot be used for paying existing debt, purchasing equipment or real property.

Eligibility

Businesses are eligible to apply if it:

- Had a 2019 Albemarle or Charlottesville business license in addition to a current business license
- Had at least 1 non-owner employee as of March 1, 2020.
- Can demonstrate capacity to repay loan from business pre-March 1, 2020.
- No significant personal credit issues in last 12 months.

Process

- CIC will have management and decision responsibilities for all applications.
- There will be at least two application periods. Completed applications will be reviewed and decided on in the order they are received.
- Businesses will submit applications to CIC through an online portal. Applications will include basic business information, permission to review credit history, 3 months of business bank statements pre-pandemic (December 2019 - February 2020), 2019 tax return OR 2018 tax return and 2019 Profit and Loss Statement.

- CIC will develop a shortened approval process with goal to make decisions within one week of completed application.
- All repaid funds and interest to be maintained in revolving loan fund

Loan Servicing and Reporting

- CIC will service all loans as part of its normal microloan operation including managing and collecting payments, performing check ins with borrowers and making additional CIC services available to them.
- Borrower's will sign personal guaranty and loan payment history will be reported to credit bureaus.
- CIC will report overall program payment history for the life of the loan fund.