



BUSINESS INCUBATOR CENTER

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Fruita Small Business Emergency Assistance Fund*

PURPOSE:	Provide gap funding for Fruita Small businesses to cover up to two-month's cost of operations
LOAN AMOUNT:	The lesser of (i) operating expenses over a two-month period or (ii) \$3,000
REPAYMENT TERM:	Zero payments or interest for first 12 months; remaining balance termed out over the following 24 months with monthly principal+ interest payments.
RATE:	Zero interest for the first 12 months, then Prime + 2% floating for the remaining term.
REPAYMENT STRUCTURE:	No payments for first 12 months, then principal + interest for following 24 months.
COLLATERAL:	Unsecured; personal guarantees required.
SERVICE AREA:	City of Fruita
ELIGIBLE BUSINESSES:	<p>Businesses adversely impacted by the COVID19 pandemic who:</p> <ul style="list-style-type: none"> • Have a physical address within the Fruita City limits; • Business owner must be a resident of Fruita; • Have less than 20 FTE employees; • Must be in good standing with the City of Fruita and Colorado Secretary of State; • Must be able to submit a basic survival plan as outlined in the attached Exhibit "A"
USE OF LOAN:	Loan proceeds may be used to pay up to two-month's operating costs of the affected business.

*All loans subject to underwriting and approval.

Application and contact information will be available on April 29, 2020. Once application period is open, applications will be processed in the order they are received until funding is fully allocated.

RESOLUTION 2020-23 – EXHIBIT A

Fruita Small Business Emergency Assistance Fund

Purpose

To assist qualifying Fruita small businesses struggling due to forced shutdowns or significant reductions in operations during the COVID-19 pandemic. The City of Fruita recognizes that while most businesses are facing some form of financial hardship and economic losses due to local, state, and federal orders, many businesses that were not considered “Critical Businesses” were forced to temporarily close or dramatically limit operations. This Fund is designed to help these businesses bridge the gap while other loans or funding sources are obtained.

The Fruita Small Business Emergency Assistance Fund is established at \$60,000 in designated funds for economic development efforts to create a loan fund in line with City goals of a “community first” approach, supporting existing businesses, and improving the economic health of the community.

Loan Provisions

- **Interest.** Loans will be 0% interest for 12 months and no closing costs.
- **Payments.** No payments required for first 12 months. If not paid back by end of month 12, monthly payments begin months 13-36 at principal + prime +2% interest.
- **Loan Amounts.** Loans will be equal to or the lesser of (i) operating expenses over a two-month period or (ii) \$3,000.
- **Use of Loans.** Loan funds may be used to pay applicant’s business operating expenses.
- **Collateral.** Loan is unsecured but require guarantee of any business owner with 20% or more ownership in business.
- **Draw Period.** Borrower may fully-draw this loan within 24 hours of closing. Funds will be direct deposit if possible due to COVID isolation.

Eligibility for Loan

Qualifying Fruita businesses must meet the following criteria to be considered for a loan:

- Applicant has been adversely impacted due to the COVID19 pandemic.
- Applicant must have been open as of March 1, 2020, with a physical address in the City limits of Fruita.
- Applicant applying for the funding must be a small business with fewer than 20 full-time equivalent employees and have local ownership.
- Applicant must be in good standing with the City of Fruita and Colorado Secretary of State.
- Applicant must submit a basic survivability plan prior to approval (outline attached below). *Borrowers are strongly encouraged to work with the Grand Junction SBDC over the course of the loan on their business plan and model in order to have a higher likelihood of success.*
- Applicants are strongly encouraged to use their loan funds to negotiate with their landlord or mortgagor for payment reductions and/or surety against eviction for at least 90 days.
- No elected officials or senior management of the City of Fruita can apply for this loan.

Outline for Required Survivability Plan

Our intent is to help the businesses who are most prepared to survive the current health and economic crisis. While we understand the future is largely unknown, applicants are required to submit the following information in order to be considered for loans from this fund (the Grand Junction SBDC can help as needed with the plan and ongoing support; this assistance will be free of charge):

- Applicants must submit an application and attest to the COVID impact and use of funds.
- Applicants will need to submit current personal and business financials.
- Applicants will be required to submit a 3-month and 7-month projection (through 12/31/2020). These do not need to be comprehensive, just a forecast of what you think your business will look like financially with what you know right now.
- Applicants will need to disclose outside sources of funding, cash reserves, etc. that they have available to survive the crisis. You will have a higher likelihood of survival and approval if you have other funding.
- Applicants need to submit a brief statement of their plan to re-open or further-open their business regarding marketing and business model as the old way of doing things may be less relevant than before COVID.