

ARDMORE INITIATIVE
SMALL BUSINESS RETENTION (FORGIVABLE) LOAN PROGRAM

SUMMARY

Ardmore Initiative, through the use of CDBG funds from Lower Merion Township, has developed a Small Business Retention Loan Program to help retain locally owned small businesses and maintain commercial vibrancy in the Ardmore Business District. The program is designed to assist eligible businesses that are in serious jeopardy of closing due solely to the recent COVID-19 pandemic and associated economic impacts.

The Program is available to existing, locally owned, eligible (eligibility as defined below) businesses located within the Ardmore Business District and have been in operation for a minimum of twelve (12) months preceding the application submittal date. Micro enterprises are also eligible¹. There is no application fee.

Depending on the number of employees, a business may be eligible for a grant, subject to the terms below of up to \$20,000. The Program will offer grant funding which will be forgiven if the business remains in continuous operation for at least two years after the funding is approved. This means the funding is considered to be a grant if the business remains in continuous operation for at least two years². In the event that a business defaults on the grant terms and conditions, the amount awarded is converted to a loan which must be repaid.

Ardmore Initiative will continue to accept applications until funds are dispersed.

PROGRAM FUNDING GUIDELINES

The intent of the Small Business Retention Funding Program is to assist eligible businesses that are in serious jeopardy of permanent closure due solely to the recent COVID-19 pandemic and associated economic impacts. A review of both the financial history and the current financial condition of the business will be used to determine need and potential eligibility. The Program will provide direct financial assistance to existing, locally owned, eligible businesses, with a preference for businesses retaining an employee(s) who are residing in a Low to Moderate Income household. Applicants will be considered if the business was open as of February 1, 2020, and the business owner/operator has a history of successful history of successful operations.

FUNDING AMOUNT

A business may be eligible for a forgivable loan of up to \$20,000. The Program will offer funding, which will be forgiven with no principal or interest due if the business remains in continuous operation for at least two (2) years after the funding is distributed. The funding is, in effect, **a grant** if the business remains in continuous operation for at least two years.

1 Microenterprise business is defined as having five or fewer employees including business owner; and the business owner must have a household income at or below 80% of the Area Median Income.

2 *Avoid job loss caused by business closures related to social distancing by providing short-term working capital assistance to small businesses to enable retention of jobs held by low- and moderate-income persons. - CDBG/Coronavirus*

The maximum funding amount is determined by the number of FTE* employees retained for the existing business as indicated below:

Five or less FTE employees	=	\$10,000 Maximum forgivable loan
Six to twenty FTE employees	=	\$20,000 Maximum forgivable loan

USES OF FUNDS

The Program funds can be used for:

- Fixed assets (leasehold improvements or equipment to provide for COVID-19 counter measures or social distancing)
- Operational expenses
- Payroll of existing employees
- Rent

Program funds should not be used for facade improvement, construction, or signage. Home-based businesses or those businesses located in residentially zoned districts are not eligible. Ineligible uses for the funds also include, but are not limited to, franchise fees, attorney/legal fees, and accounting fees.

ELIGIBILITY

The Program is available to existing, locally-owned, eligible businesses or non-profits located on the first-floor within the Ardmore Business District. A review of tax returns and current financial statements must indicate that the business was operational for a minimum of 12 months preceding the application and was viable and financially sound prior to the COVID-19 pandemic. The applicant must show that the funding is necessary for the business to remain in operation and that any funds received from CARES Act programs or any other local, state, or federal loan/grant programs have been used and the business continues to be financially impacted by the pandemic.

Other requirements include:

- The business must be up to date on all local taxes;
- The business must be properly licensed and permitted;
- Preference will be given to businesses that can demonstrate they have been profitable for at least the last 2 years prior to March 2020;
- The business must document loss of business income is COVID-19 related;
- The business must certify that if they have received any other Cares Act funding or any other local, county, state, or federal funding, that the funding has been used and the business continues to be financially impacted;
- Documentation of Employee Household Income (salary, wages, and any other income) for the Low to Moderate Income requirement

Grants are subject to the availability of funds. Ardmore Initiative may approve, reject, or approve less funding than requested. Applications may be transferred to a Lower Merion Township partner program.

CLOSING REQUIREMENTS

There is no application fee. However, the following should be provided at the time of loan closing (some may not be applicable to all applications):

- A plan for how the Program funds will be spent to support the existing business;

- Proof that at least one of the retained FTE employees was Low Moderate Income (LMI) before hire; or would be LMI if not retained;
- Financial information to indicate that the business has been profitable for at least the last year prior to March 2020;
- Have supplied a Certificate of Insurance naming Lower Merion Township as additional insured;

FUNDING TERMS

The program is designed to assist eligible businesses that are in serious jeopardy of closing due solely to the recent COVID-19 pandemic and associated economic impacts. The Ardmore Initiative grant review committee will review the financial history and the current financial condition of the business to determine need and eligibility. Each approved business will be required to provide an annual update on the financial status of the business, beginning twelve (12) months from the date of the funding.

Within the first two years of a successful application, and after each business year, the business will submit a balance sheet, an income statement, business tax returns (when available), to the Ardmore Initiative. If after the completion of the first two years the above documentation is reviewed and approved, then the terms of the funding will be considered satisfied and the funding will be considered to be a grant and no additional review will be needed.

The business will be deemed as being in default if the required financial statements are not presented to the Ardmore Initiative within sixty (60) days after the end of the business year. In the event of a default, the Ardmore Initiative may deem the funding to be a loan which will not be forgiven and repayment will be required. Until full payment is made, the remaining balance may be amortized over a five year term at an interest rate of 4% with payment due on a monthly basis. All legal fees incurred for payment collection will be the responsibility of the applicant.

APPLICATION PROCESS

Complete the application form and email to Nancy Scarlato at nscarlato@ardmoreinitiative.org. Remember to include a cover letter which provides an overview of your business and explains how the Small Business Retention Loan Program will be used to help your business recover.

Following submittal of a complete application, a meeting or phone call with the applicant will be scheduled. This meeting will provide a chance to discuss the business needs in more detail and confirm forgivable loan eligibility. It will also be determined if there are questions or more additional documentation is necessary.

DEFAULT

In the event of default or closing of the business, the remaining balance shall not be deemed as A grant and will then be due in full. Occurrences of default include, but are not limited to, the following events:

- The business closes during the two-year term, unless due to a government order;
- The business fails to maintain regular operating hours, unless due to a government order;
- The business modifies its operation and no longer meets current eligibility requirement, unless due to a government order;
- The business does not follow the approved business continuation plan unless due to a government order;

- The business fails to submit complete financial documents and provide annual updates as required.

In the event of a default, the Ardmore Initiative may deem the funding as not forgivable and due in full. Until full payment is made, the remaining balance will be amortized over a five-year term from the date of the grant closing at an interest rate of 4% with payment due on a monthly basis. All legal fees incurred for payment collection will be the responsibility of the applicant.

MISCELLANEOUS

Neither Ardmore Initiative, Lower Merion Township, nor its affiliates shall be responsible for any negative results (real or perceived) associated with any recommendations pertaining to business and financial consulting, or any other matter associated with the funding and/or business. No warranties or guarantees are expressed or implied by the description of, application for, or participation in the Small Business Retention Funding Program. The Ardmore Initiative has the authority to make revisions and amendments to the regulation of this program, as it may deem necessary. In the event that revisions or amendments are made to this program, they shall become effective as of the date of adoption and shall not be binding on any funding closed prior to that adoption date.

* *"FTE"; means a "job" that is aggregated from permanent, part-time jobs. The part-time jobs must each provide at least 875 hours of employment per year.*