

Freeborn County COVID-19 Relief Forgivable Loan

Eligibility and Program Guidelines

Eligible Businesses:

- For-profit corporation, partnership, LLC, or sole proprietor that can demonstrate their business was directly and adversely affected by COVID-19 economic impact. The impact must be equivalent to at least a 50% reduction in sales (Reduction shall be calculated off either the prior year 2019 annualized monthly sales, or current month to same month prior year sales.)
- Business must operate within Freeborn County.
- Businesses with 25 or less employees, calculated on a Full Time Equivalent basis. For the purpose of this program, Full Time Equivalent will be equal to at least 32 hours per week. Sole proprietors are eligible, please see “terms of the funding” for more information.
- Businesses that have been in operation since March 1, 2020; Operating means showing some source of revenue as verified by financial statements or bank deposit records.
- Business must be active at the Secretary of State as of the time of application.

Ineligible Businesses:

- Those that qualify for traditional bank financing sufficient to meet their needs.
- Businesses that do not meet the above criteria of “Eligible Businesses.”

Fund Priorities: The fund will give priority to businesses forced to shut down normal operations due to Governor Walz’s Executive Orders, including but not limited to:

- Sit-down restaurants
- Bars and pubs
- Salons and spas
- Fitness centers
- Small retail businesses
- Tourist-related small businesses

Funds can be used for; rent or mortgage payments, payroll for current employees, working capital and other operational costs. Funds cannot be used to pay or refinance past debt.

Terms of the Funding:

- Funding levels are based on the number of full time equivalent (FTE) employees as of March 1, 2020. Full time for the purposes of this application will be any employee that works at least 32 hours per week. For those working less than 32, divide the number of hours by 32 to calculate FTE (i.e. 24 hours per week/32 = .75 FTE)

- Businesses will receive \$1,000 per FTE with a minimum of \$3,000 and maximum of \$20,000. If FTE is not a whole number, funding will round up to the nearest \$1,000 (i.e. FTE of 3.3 will receive \$4,000). Sole proprietors with no employees will receive \$3,000.
- 0% interest, fully forgivable if in business after five years. Loans will be forgiven at a rate of 20% per year (on the anniversary of the loan funding) for each year the business is fully operational.
- If the business is sold, conveyed, or closed within the first five years the prorated balance of the loan will be due and payable. Businesses are required to disclose a change in business status or ownership, or the entirety of the loan will be due and payable through the personal guarantee.
- No origination fee will be charged.

How to Apply:

1. Applicants must submit the following by June 26, 2020.
 - A signed and completed Application Form.
 - April 2020 monthly profit and loss statement or other report of revenue for the month to verify decrease was at least 50% over average monthly revenue for 2019.
 - Prepared 2019 financial statements or tax returns, if available. If not available, company prepared profit-and-loss statement (income and expense statement) and balance sheet for 2019 (or since the business start, if operating less than 12 months).
 - March 1, 2020 Payroll Information verifying amount of employees and hours worked to verify number of FTE employees for loan amount determination.
 - Guarantor must provide a Personal Financial statement, current within 6 months. A template is attached to the application for your use if needed.
 - Entity documents including Articles of Organization, bylaws, or other means to verify the authorized signers on the loan.
 - Applications and attachments should be sent to contact@growalbertlea.com or in person at Albert Lea Economic Development Agency (ALEDA) during COVID-19 office hours (8:00 a.m. – 1:00 p.m.) at 132 N Broadway, Albert Lea. For any questions please call ALEDA at 507-373-3930.
2. Businesses must:
 - Be able to demonstrate that the applicant has been directly and adversely affected by COVID-19 economic impact.
 - Be current on financial obligations up to February 2020.
 - Provide complete application
 - Provide a personal guaranty for the loan amount.
 - Demonstrate the use of funds upon request of the lender.

3. Loans cannot be provided to a business:
 - That derives income from passive investments without operational ties to operating businesses.
 - That primarily generates revenue from gambling activities.
 - That is a non-profit or is owned by a non-profit organization.
 - That have no current or historical financial statements or began operating after March 1, 2020.

Applicant must submit completed application and all attachments prior to loan committee review. Applications will not be reviewed until all information is submitted. The loan review committee reserves the right to reject any application.

Following approval, the applicant shall proceed with setting up a closing date to sign the loan agreement, promissory notes, personal guarantee and/or other documents required for the loan closing. Failure of the applicant to progress towards closing the loan within 30 days shall result in canceling the loan.

Please submit completed application and attachments to contact@growalbertlea.com or in person at Albert Lea Economic Development Agency (ALEDA) during COVID-19 office hours (8:00 a.m. – 1:00 p.m.) at 132 N Broadway, Albert Lea by June 26. For any questions please call ALEDA at 507-373-3930.