



WARROAD FORGIVEABLE LOAN PROGRAM

A program to support businesses in
Warroad, Minnesota due to COVID-19.

PROGRAM GUIDELINES

The Warroad business community is essential in providing products and services for the people that live here and come to visit. In these unprecedented times to slow the spread of COVID-19, our local businesses have taken a hit. The Warroad Forgivable Loan Program is designed to help local businesses pay for up to 1 month of overhead and operating expenses. Forgivable loans will be available with a maximum loan amount of \$10,000.

TERMS AND ELIGIBILITY

Priorities:

1. Provide Working Capital to Warroad Businesses.
2. Preserve Warroad Businesses
3. Increase likelihood that Warroad businesses will survive the difficult businesses climate that has developed since the outbreak of Covid 19.

Eligible Borrowers:

1. Must be a business operating in Warroad, Minnesota.
2. Must demonstrate negative economic impact ie. Reduced revenues, growing payables, reduced patronage, etc.

Eligible Uses:

Working capital and overhead to include utility bills, rent, insurance, internet bill, waste management, loan payments, payroll, payroll taxes and dues & subscriptions.

Ineligible Borrowers & Limitation of funding:

Funding is limited. Priority may be given to businesses that demonstrate strong financial need. Other borrowers may be excluded from funding based on equity restrictions. Borrowers will further be prioritized based on the likelihood that they will survive the economic downturn based on historical business performance.

LOAN TERMS

Loan Amount: Maximum up to \$ 10,000

Interest Rate: 0.0%/NA

Term: up to 5 years

Repayment Schedule: no payments; a portion of loan principal will be written off each year to term end; An IRS form 1099-C (Cancellation of Debt) is issued each year for the principal portion written off. If the business closes, notice will be given that the remaining loan balance will be written off in that year and a final 1099-C will be issued. There will be no collection activity or other costs. Borrowers are eligible for these terms ONCE.

Loan Fees: NONE

Electronic Loan Application Process: Loan document signing and distribution of funds will be handled electronically". Time frame/loan process is described below.

APPLICATION PROCESS:

1. **Submit Loan Application** – Borrower will submit a brief loan application, 1 year business and personal tax returns and current personal financial statement. Borrower will also provide copies of bills and invoices that they would like funded. Borrower will also be asked to provide some documentation showing a negative economic impact from Covid19 i.e., decreased revenue, decreased patronage, increasing payables, historical cash balances being depleted, etc.
2. **Review Eligibility** – NMF staff will review the borrower's tax return and Personal Financial Statement (PFS) to ensure that the borrower is in need of funding and that their business is likely to survive this downturn.
3. **NMF Staff Review Invoices** – Eligible expenses include: heating, water, electric, payroll, insurance, garbage, Internet/phone, loan payments and rent
4. **Approval/Decline** – Based on NMF staff review the loan will either be approved or declined. Loan amount will be determined after reviewing invoices that have been submitted.

5. **Loan Disbursement** – NMF staff will draft a promissory note that includes forgiveness language. Loan documents will be signed electronically and loan funds will be disbursed by ACH. Desired turnaround time from submission of all required documentation is 3 days.

INSTRUCTION:

1. Loan applications can be submitted to Kathy Lovelace, City Administrator at the Warroad City Office or Robert Maher at robertm@nwmf.org.
2. Completed packet should include:
 - ☐ Completed loan application
 - ☐ Most recent business tax return
 - ☐ Most recent personal tax return
 - ☐ Completed personal financial statement
 - ☐ Proof of negative economic impact (please see description above for examples)
 - ☐ Invoices for payables that the borrower would like considered for funding

This program is being administered by the Northwest Minnesota Foundation, a 501c(3) charitable public non-profit serving a 12-county region in Northwest Minnesota.

For more information please contact

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Northwest Minnesota Foundation
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218-259-2673 Cell

Kathy Lovelace
Warroad City Administrator
218-386-1454
Warroad@mncable.net



“A THRIVING DOWNTOWN AREA IS ESSENTIAL
TO A HEALTHY COMMUNITY.”
MAYOR BOB MARVIN