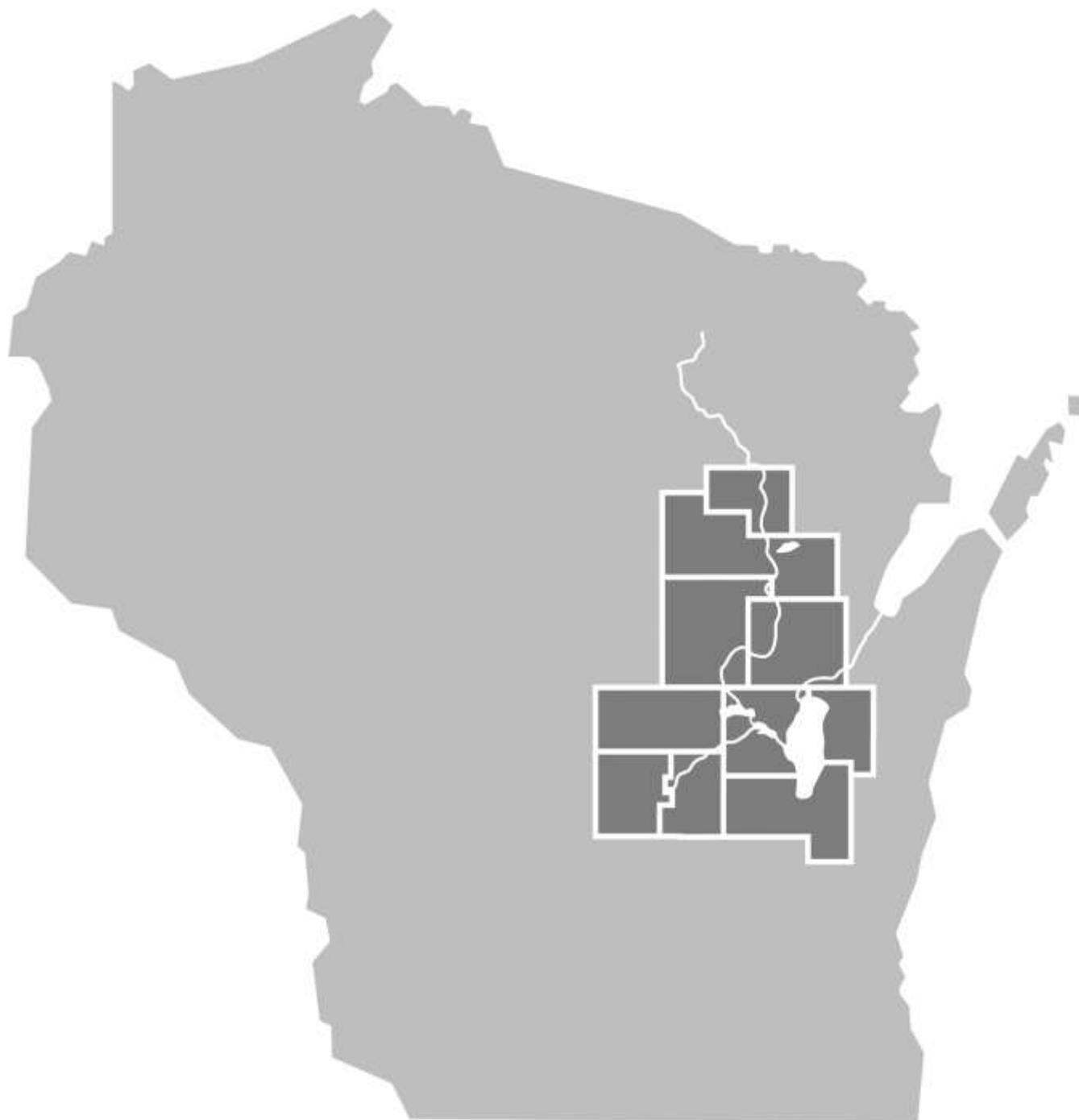


ECWRPC Business Disaster Recovery Microloan (DRM) Program

Procedures Guidebook & Underwriting Policies

(April 2019)



PROGRAM GOAL

The goal of the Business Disaster Recovery Microloan (DRM) program is to provide short-term assistance to businesses affected by disaster events in the state of Wisconsin.

PROGRAM DESCRIPTION

In 2018, ECWRPC was notified by WEDC that it is eligible to be a pre-approved regional entity for the DRM program and a program agreement (Appendix A) was developed and signed by WEDC and ECWRPC.

The program provides grants to pre-approved regional entities with the capacity to deploy rapid response microloans to businesses affected by disasters, either natural or manmade. The microloans are to assist the business with necessary restoration and operating expenses until more long-term recovery funding can be secured. Providing immediate recovery funding in this manner is a best practice in community economic disaster recovery and leads to improved odds of a business reopening and remaining open long-term. WEDC will contract with regional entities to distribute and administer these loans in their respective geographic areas of the state, as applicable.

PROGRAM ELIGIBILITY

Eligibility Requirements

DRM program grants will only be made available to regional entities where WEDC has an agreement in place outlining the grant obligations and terms and conditions of the microloan program. Within 30 days following a natural or man-made disaster event, which may or may not include a corresponding State of Emergency or Disaster Declaration, the pre-approved regional entity will request allocation of funding to make microloans in its respective region. WEDC will expedite review and approval of the request.

Eligible Microloan Recipients:

DRM program funds are available to businesses meeting the following criteria:

- Must be located in or directly adjacent to a region where the authorized regional entity has received an allocation. In this case, the businesses must reside within one of the 10 East Central counties – Calumet, Fond du Lac, Green Lake, Marquette, Menominee, Outagamie, Shawano, Waupaca, Waushara, and Winnebago. Businesses located in counties adjacent to these 10 counties may be eligible under East Central's DRM Program if the geographic nature of the disaster dictates an agreement between DRM Program entities for efficient operation of the program.
- Must have suffered measurable physical damage because of the disaster event.
- Must attest to intent to resume business operations in the community as quickly as possible.

Ineligible Businesses

The following businesses are ineligible for DRM microloan funding:

- Payday loan and title companies
- Telemarketing other than inbound call centers
- Pawn shops
- Liquor stores
- Adult entertainment venues
- Home-based businesses
- Farms

Eligible Activities

DRM program funds may be used for the following activities:

- Procurement of cleanup and restoration services
- Operating expenses such as payroll
- Temporary space
- Repair and reconstruction

INCENTIVES AND AVAILABLE FUNDING

The incentives in this program are grants to pre-approved regional entities based on need related to the disaster event to provide microloans to affected businesses under the following conditions:

- Amount: Up to \$15,000 with minimum loan amount of \$2,000
- Term: Loan term to be 24 months (2 years) but can be extended to a maximum of 48 months (4 years) based on business cash flow analysis, with no early repayment penalty.
- Deferral: Minimum of six months
- Interest Rate: The interest rates for loans will be 0%
- Collateral and guarantees should be considered

East Central has the authority to make forgivable loans, as long as the provision for such is stipulated in the loan agreement. Forgivable loans would only be issued with input and approval from the Steering Committee.

Loan repayment uses will be monitored and reviewed for performance and value on an annual basis through the Commission's annual work program and budget process. Alterations to these uses may be considered in the future and would be done so with input from WEDC and other economic development partners. Loan repayments may be retained by East Central for other economic development uses.