

# **Cortland County BDC**

## **COVID-19 Business Assistance Loans**

Cortland County small businesses facing severe challenges brought on by the COVID-19 pandemic may now apply for special assistance through the Cortland County Business Development Corporation's revolving loan program.

This is now available with the BDC's modification of its traditional loan program to quickly direct needed, low-cost resources to qualified business impacted by the crisis.

These funds are not intended to replace resources now available through traditional lending institutions and the federal government, but instead offer quick access to cash for Cortland County's micro-and small businesses in immediate need. The funds are intended to provide working capital and to help cover other costs incurred as a result of the wide-spread shutdowns mandated by the state government in response to the coronavirus outbreak.

### **Loan Size**

COVID-19 Business Assistance Loans are available from \$10,000 to \$25,000.

### **Equity Requirement**

The equity requirement is waived.

### **Interest Rate**

The interest rate is fixed at 2 percent

### **Terms**

Inventory/working capital – up to 3 years

Principal and interest payments deferred for 1 year

### **Fees**

\$225 application fee is waived.

Legal costs are waived

### **Collateral**

The BDC will require:

- The personal guarantee of all owners/members of applicant entity; and
- A credit report of the applicant.
- The BDC may also secure the loan by requiring the applicant to obtain a life insurance policy equal to the amount borrowed.

**Payment Schedule**

After deferral period (1 year from closing) loan payments are due on the first day of the month. Late fee assessed after ten days.

**Application review**

Applications will be reviewed by staff on a rolling basis. All loans subject to the approval of the BDC board of Directors.

**Supporting Documentation Required:**

- Financial documentation
- Most recent tax return (draft or preliminary year-end financials if return is not available)
- List of current debt

**Expedited Closing**

Working with counsel the BDC will do its best to expedite all loan closings to get resources into the hands of borrowers as soon as possible.

**Eligible Borrowers**

Eligible borrowers shall include those engaged in business for profit and conducting, or proposing to conduct, business in Cortland County. Eligible applicants shall include sole proprietorships, partnerships, corporations and limited liability companies.

**Ineligible Applicants** Members, directors, officers and employees of Cortland County, the Cortland County Industrial Development Agency, the BDC and any related local development corporation, including the immediate family members of any of the above and any business entity which has as an owner any of the above individuals or their immediate family members.

**Loan Proceeds**

Loan proceeds may be used for inventory and working capital.

**Ineligible activities**

Speculative activities (land banking and speculative buildings); feasibility studies; purchase or finance equity in private business; debt consolidation or refinancing; lending activities; gambling activities; charitable, religious or other not-for-profit activity; any illegal activity; and any activity which results in the relocation of a business out of Cortland County.

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