

## THE CITY OF RACINE SMALL BUSINESS REBUILDING FUND – FORGIVABLE LOAN PROGRAM

Legacy Redevelopment Corporation in partnership with the City of Racine are offering loans to small **for-profit** businesses that are owned and operated in the City of Racine.

Loans are eligible for forgiveness provided the borrower(s) participates in LRC's Blueprint Technical Assistance program. Apart of the program is working with LRC staff to assess business and business owner's needs, complete a minimum of twelve (12) TA sessions or the number of sessions established by LRC staff necessary to accomplish the goals of the initial assessment. Loan client will also be responsible for providing proof on how funds were used.

### Loan Program:

- Eligible loan amount – minimum loan of \$5,000; maximum loan of \$15,000
  - Borrower must state what funds will be used for prior to approval
- Funds can only be used for company expenses: purchasing company PPE; inventory; equipment; paying mortgage payments or rent; payroll; build-out's
- No collateral required to qualify
- Deferred interest and principal payments for the period of technical assistance sessions
- Eligibility for forgiveness or loan repayment will be based as follows:
  - Borrower(s) will be required to submit verifiable proof of how funds were used (funds must be used for the original purpose requested) at the end of the final TA session
  - **IF** borrower(s) is unable to provide verifiable proof of fund usage and/or missing more than 3 sessions consecutively of the LRC Blueprint TA sessions (without approved excuse) the first payment for loan's repayment will beginning
    - The month following the 3<sup>rd</sup> missed session
  - \*Maximum loan term of five years at 6% rate of interest

### Eligibility:

- Business must be for profit (non-profits are not eligible)
- Business cannot be a start-up business (business must be 12+ mos. In operation from the current date)
- Business is a micro business with five or fewer employees, and owner earns less than 80% of the Racine County Area Median Household Income (MCAMHI) or
- Personal guarantee will be required for all business owners of 20% or more ownership interest
- Credit reports will be used in the underwriting process to assist in establishing credit worthiness (no minimum credit score required)
- No derogatory trade lines
  - – Open judgements **must be paid in full** prior to loan *closing* (*funds from loan cannot be used to satisfy judgment(s)*).
  - Open collection items – a payment plan must be in place prior to closing
- Business **must be** in good standings with the Wisconsin Department of Financial Institution
- Borrower(s) / Owner(s) **must be** current on all City of Racine property taxes

**Required Documents:**

- \*Borrower(s) / Owner(s) must submit 2020 and 2021 business and personal tax returns with all schedules (if 2021 taxes have not been completed please submit 2019) & W'2 (if applicable)
- 2021 financial statements and/or YTD 2022
- \*Borrower(s) must submit personal financial statement for all owners with a 20% or more ownership interest in the business
- \*Proof of DUNS#
- \*Proof of EIN#
- \*Statement on how funds will assist in your business's success and what you'd like to learn in the Blueprint TA program (100 words or less)

**The following business types are Not Eligible:**

- Gambling or gaming establishments
- National franchises
- Adult entertainment establishments
- Pawn shops
- Payday loan or auto loan stores
- Not-for-profits
- Tobacco and liquor stores
- Gas Stations
- Banks
- Used Car Sales
- Financial Services
- Pharmacies
- Primarily in the business of renting real estate to others
- Passive real estate investments
- Firearm or other weapon dealers
- Rent a Centers
- Uber/Lyft, etc., drivers
- Business must be in a brick and mortar – no home based businesses

\*Loan request will not be processed if information is not received with application request. All required documents must be submitted, complete and legible. Faxed copies will not be accepted. Once Legacy Redevelopment Corp., loan staff receives a "completed loan package" your request will be reviewed, underwritten and submitted for a loan decision.

\*\*Documents will be required after approval but prior to loan closing.

Any questions please feel free to contact Nicole Pfeifer at Office: (262)323.0504; Cell: (414) 426.6561 or email at [npfeifer@lrcmke.com](mailto:npfeifer@lrcmke.com)