



**Sterling Industrial Development Commission  
Economic Development Revolving Loan Fund  
COVID-19**

**Guidelines**

**Objectives:**

1. To assist businesses within the City limits of Sterling with rent or mortgage payments which are behind or will be behind due to Covid-19, if their landlords or banks are not willing to work with the business owner.
2. To assist businesses with general operating cash to keep their business viable and keep employees on the payroll for the future in Sterling.
3. To assist businesses within the City limits of Sterling with low interest loans if they are unable to get assistance from a local bank or a SBA loan or if they receive loans from a local bank or a SBA loan but need subsequent financing.
4. To assist businesses within the City limits of Sterling who need a small loan, but may not be eligible or want to go through the SBA or State sources for a small loan.

**Eligible Applicants:**

1. Applicants may be a sole proprietor, partnership or corporation, doing business within the City limits of Sterling with fewer than 25 employees, inclusive of the owners.

**Eligible Activities:**

1. The loans are meant to assist businesses within the City limits of Sterling who have been harmed by State mandated Covid-19 closures. The loans are to be used for rent, mortgage or operating capital for the businesses.
2. The loans can be used in addition to SBA loans, forgivable loans or US Treasury loans. The loans can also be used additional to Hospitality Business grants.



### Ineligible Activities

1. Refinancing.
2. Real Estate Speculation.
3. Salaries to business owner only without equal payment to employees.
4. Loans to businesses outside of the City limits of Sterling, Illinois

### Agent

The Greater Sterling Development Corporation (GSDC), a non-profit organization, whose purpose is to promote and assist economic development in the City of Sterling, is appointed agent for the SIDC.

### Application Process

The application shall be submitted to the GSDC, as agent of the SIDC, and it shall consider the criteria listed below in reviewing all loan applications. The GSDC shall report to the SIDC, working as a committee of the whole, which shall approve or ratify each loan for funding.

The GSDC will provide staff for the SIDC's Economic Development Fund, as provided for in a comprehensive agreement between the two bodies.

### Project Selection Criteria

The following criteria are to be considered in awarding loans to eligible applicants and may be used to prioritize applications in the event there are insufficient funds in any funding period to fund all eligible applications:

- 1) Dollar amount of request. Maximum loan amount of \$10,000.00.
- 2) Number of jobs retained and number of jobs saved.
- 3) Leverage with private investment ie: SBA or bank funding.



### Loan Terms

1. Loan terms shall be three years total: Interest only for 1 year. The following two years payments are normally amortized over the term of the loan and shall be due monthly in equal installments to be paid in full upon the end of year three.
2. The interest rate shall be 1% per annum.
3. Private Sector Contributions – when feasible, each loan shall be made in conjunction with a loan from a private lending source or SBA loan or grant. Proof of application to other lenders must be presented.
4. The Program injection into a business shall be in the form of a loan to the applicant.
5. Loan Security – a loan to an applicant may be secured by a mortgage of real estate or interest security in equipment.

### Loan Conditions

1. Applicant are encouraged to retain employees, if employees have already been laid off or terminated, please provide detail as to the timeline for being able to rehire back to pre-Covid 19 levels.
2. An applicant must demonstrate a reasonable ability to repay current obligations and the new debt.
3. The business must produce their most recent tax return and P&L for CY2019 and P&L for Jan-Feb 2020. The business also must disclose other assistance they have applied for either through their lending institution, the Federal or State government or any other assistance they have applied for due to Covid-19. They also must disclose of those applications which have been approved or denied.
4. If the business is using this for rent or mortgage payment, the applicant must put forth documentation from the property owner and/or lending institution proving a delay or forbearance is not available.

### Fees

Fees are being waived for Covid-19 relief.



### Conflict of Interest

In instances where there exists a personal or company conflict of interest, members of the SIDC or GSDC who have conflicts shall abstain from voting on loan applications.

### Loan Selection and Approval Process

The GSDC, acting for the SIDC, shall interview the applicant, process and review the applications. The GSDC shall have the power to disburse loan funds with the consent and ratification of the SIDC. The final determination regarding the approval or denial of a loan rests with the SIDC.

### Loan Servicing

The GSDC shall be responsible for monitoring and servicing the Economic Development Fund and the procedures to be followed from loan closing to repayment. The loan repayments will be monitored monthly and a bi-annual report given to the SIDC. If following thirty (30) days delinquency, and after notification to the loan recipient and receipt of no acceptable explanation or reason for non-payment, the GSDC, with SIDC consent, may initiate legal collection proceedings. An issue of non-payment of delinquency will be presented to the SIDC for review and consideration. Every attempt will be made to restructure a loan and consider the reasons for non-payment or delinquency.