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MEMO

To: Wooster City Council, City Administration
From: Jonathan Millea AICP CEcD, Development Coordinator
CC: Ms. Shannon Waller, Main Street Wooster; Mr. Justin Starlin, Chamber of Commerce; Mr. Tom Pukys, Wayne Economic Development Council, Wooster Growth Corporation Trustees.
Date: 3/18/2020
Re: **Update on Pending Assistance for Wooster Businesses**

The City of Wooster is encouraging businesses impacted by the Coronavirus COVID-19 to complete a Disaster Loan Declaration Form with the Ohio Development Services Agency.

The State of Ohio and Federal governments are actively working to make Federal Disaster Loan Assistance available to businesses impacted by Coronavirus. The declaration form from the Ohio Development Services Agency is important for justifying business economic injury and business financing needs in Wooster and Wayne County to secure this federal benefit. A copy of the form is available from www.woosteroh.com/development.

Ohio counties have **not yet** been authorized for the program yet, but we are hopeful that financing **may be made available in the near future through** the Small Business Administration. The business loans would allow companies to finance their impacts through loans of up to \$2,000,000 for up to 30 years at no more than 4%. The vast-majority of Wooster-based companies qualify as small businesses (i.e. fewer than 250 or 500 employees, depending on type of business).

While our office is not equipped to provide expert advice on SBA loan programs, we are available to speak with local firms who want assistance in submitting a declaration form, or to discuss local economic needs and concerns in general. I can be reached via email at jmillea@woosteroh.com, and also by phone at 330.263.5250, and welcome all inquiries.

Companies forced to send employees home without pay due to Coronavirus COVID-19 are *strongly encouraged* to remind their workers to **immediately** apply for Unemployment Insurance Benefits **online** at unemployment.ohio.gov. The traditional one-week wait period has been waived. Charges during Ohio's emergency declaration will be **mutualized**, and contributory employers **will not be** individually penalized.

The following page offers an explanation of the proposed Disaster Assistance Loans. We encourage local businesses that may need new financing as a result of the Coronavirus COVID-19 spread to evaluate this important tool and its requirements.

We recommend that local businesses visit our local economic development partner, the **Wooster Area Chamber of Commerce**, for updates on COVID-19 resources at www.woosterchamber.com. The SBA will also continue to provide updates from a national perspective at its website, www.sba.gov/coronavirus Our Office will continue to provide information as we obtain it.

Thank you for your time and efforts as we navigate these difficult times.

Sincerely,

Jonathan Millea, AICP, CEcD

Development Coordinator

The State of Ohio is working to qualify Ohio businesses impacted by Coronavirus COVID-19 for Disaster Recovery Loans through Small Business Administration. Completing a Disaster Loan Declaration Form for the Ohio Development Services Agency may be helpful to this process. The following is for reference only and describes guidance for the SBA's Disaster Loans specific to Coronavirus COVID-19 that has been uniformly approved to-date in multiple other counties throughout various states:

Disaster Loan Assistance Available:

Economic Injury Disaster Loans (EIDLs) – Working capital loans to help small businesses, small agricultural cooperatives, small businesses engaged in aquaculture, and most private, non-profit organizations of all sizes meet their ordinary and necessary financial obligations that cannot be met as a direct result of the disaster. These loans are intended to assist through the disaster recovery period.

Credit Requirements:

- Credit History – Applicants must have a credit history acceptable to SBA.
- Repayment – Applicants must show the ability to repay the loan.
- Collateral – Collateral is required for all EIDL loans over \$25,000. SBA takes real estate as collateral when it is available. SBA will not decline a loan for lack of collateral, but SBA will require the borrower to pledge collateral that is available.

Interest Rates:

The interest rate is determined by formulas set by law and is fixed for the life of the loan. The maximum interest rate for this program is 4 percent.

Loan Terms:

The law authorizes loan terms up to a maximum of 30 years. SBA will determine an appropriate installment payment based on the financial condition of each borrower, which in turn will determine the loan term.

Loan Amount Limit:

The law limits EIDLs to \$2,000,000 for alleviating economic injury caused by the disaster. The actual amount of each loan is limited to the economic injury determined by SBA, less business interruption insurance and other recoveries up to the administrative lending limit. SBA also considers potential contributions that are available from the business and/or its owner(s) or affiliates. If a business is a major source of employment, SBA has the authority to waive the \$2,000,000 statutory limit.

Loan Eligibility Restrictions:

Noncompliance – Applicants who have not complied with the terms of previous SBA loans may not be eligible. This includes borrowers who did not maintain required flood insurance and/or hazard insurance on previous SBA loans. Note: Loan applicants should check with agencies / organizations administering any grant or other assistance program under this declaration to determine how an approval of SBA disaster loan might affect their eligibility.

Refinancing:

Economic injury disaster loans cannot be used to refinance long term debts.

Insurance Requirements:

To protect each borrower and the Agency, SBA may require you to obtain and maintain appropriate insurance. By law, borrowers whose damaged or collateral property is located in a special flood hazard area must purchase and maintain flood insurance. SBA requires that flood insurance coverage be the lesser of 1) the total of the disaster loan, 2) the insurable value of the property, or 3) the maximum insurance available.