



FRUITA
COLORADO

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Fruita City Council Approves Funding for Small Business Loans

Fruita, Colorado – At a special remote meeting this evening, the Fruita City Council approved up to \$60,000 in designated funds for economic development to create a loan fund for Fruita businesses that are facing financial hardships due to the COVID-19 pandemic. This loan fund has been established as the “Fruita Small Business Emergency Assistance Fund”. This is a partnership between the City of Fruita and the Business Incubator Center, which already share a long-term effective partnership. The Grand Junction Business Incubator Center will administer the loan through the revolving loan fund of Mesa County and will receive applications, make decisions on funding, and handle the repayment of the loans. The Business Incubator Center anticipates accepting applications beginning on April 29, 2020 via the Incubator’s web page (www.gjincubator.org). Information will be made available next week through the Fruita Chamber of Commerce, the Business Incubator, and the City of Fruita.

Fruita City Manager Mike Bennett referred to this assistance fund as “a community-first approach utilizing designated economic development funds to assist existing small businesses struggling from forced shutdowns and significant operational reductions due to public health safety measures to combat COVID-19. Partnering with the Business Incubator Center, which already administers a pre-existing small business start-up loan for Fruita businesses makes sense to fairly, effectively and quickly deploy this assistance.”

The loan structure and eligibility requirements can be found below. More information will be available next week. If a business would like to apply for this loan, then the business is encouraged to contact the Business Incubator Center or the City of Fruita.

For more information, please visit fruita.org/covid19 or email communications@fruita.org

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RESOLUTION 2020-23 – EXHIBIT A

Fruita Small Business Emergency Assistance Fund

Purpose

To assist qualifying Fruita small businesses struggling due to forced shutdowns or significant reductions in operations during the COVID-19 pandemic. The City of Fruita recognizes that while most businesses are facing some form of financial hardship and economic losses due to local, state, and federal orders, many businesses that were not considered “Critical Businesses” were forced to temporarily close or dramatically limit operations. This Fund is designed to help these businesses bridge the gap while other loans or funding sources are obtained.

The Fruita Small Business Emergency Assistance Fund is established at \$60,000 in designated funds for economic development efforts to create a loan fund in line with City goals of a “community first” approach, supporting existing businesses, and improving the economic health of the community.

Loan Provisions

- **Interest.** Loans will be 0% interest for 12 months and no closing costs.
- **Payments.** No payments required for first 12 months. If not paid back by end of month 12, monthly payments begin months 13-36 at principal + prime +2% interest.
- **Loan Amounts.** Loans will be equal to or the lesser of (i) operating expenses over a two-month period or (ii) \$3,000.
- **Use of Loans.** Loan funds may be used to pay applicant’s business operating expenses.
- **Collateral.** Loan is unsecured but require guarantee of any business owner with 20% or more ownership in business.
- **Draw Period.** Borrower may fully-draw this loan within 24 hours of closing. Funds will be direct deposit if possible due to COVID isolation.

Eligibility for Loan

Qualifying Fruita businesses must meet the following criteria to be considered for a loan:

- Applicant has been adversely impacted due to the COVID19 pandemic.
- Applicant must have been open as of March 1, 2020, with a physical address in the City limits of Fruita.
- Applicant applying for the funding must be a small business with fewer than 20 full-time equivalent employees and have local ownership.
- Applicant must be in good standing with the City of Fruita and Colorado Secretary of State.
- Applicant must submit a basic survivability plan prior to approval (outline attached below). *Borrowers are strongly encouraged to work with the Grand Junction SBDC over the course of the loan on their business plan and model in order to have a higher likelihood of success.*
- Applicants are strongly encouraged to use their loan funds to negotiate with their landlord or mortgagor for payment reductions and/or surety against eviction for at least 90 days.

- No elected officials or senior management of the City of Fruita can apply for this loan.

Outline for Required Survivability Plan

Our intent is to help the businesses who are most prepared to survive the current health and economic crisis. While we understand the future is largely unknown, applicants are required to submit the following information in order to be considered for loans from this fund (the Grand Junction SBDC can help as needed with the plan and ongoing support; this assistance will be free of charge):

- Applicants must submit an application and attest to the COVID impact and use of funds.
- Applicants will need to submit current personal and business financials.
- Applicants will be required to submit a 3-month and 7-month projection (through 12/31/2020). These do not need to be comprehensive, just a forecast of what you think your business will look like financially with what you know right now.
- Applicants will need to disclose outside sources of funding, cash reserves, etc. that they have available to survive the crisis. You will have a higher likelihood of survival and approval if you have other funding.
- Applicants need to submit a brief statement of their plan to re-open or further-open their business regarding marketing and business model as the old way of doing things may be less relevant than before COVID.