



# EDA CADD A CARES ACT RECOVERY ASSISTANCE LOAN FUND

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## INTRODUCTION

On July 23, 2020, Coastal Area District Development Authority, Inc. (CADD A) was awarded \$10 million from the U.S. Department of Commerce, Economic Development Administration (EDA) to launch a CARES ACT Recovery Assistance Loan Fund to assist businesses impacted by the COVID-19 pandemic. The EDA CADD A CARES ACT Recovery Assistance Loan Fund provides economic assistance to businesses within a nine-county region of Coastal Georgia including Bryan, Bulloch, Camden, Chatham, Effingham, Glynn, Liberty, Long and McIntosh.

## PURPOSE

The loan proceeds are for recovery assistance to those businesses that demonstrate a credit worthy track record prior to the COVID-19 pandemic that now struggle to meet monthly operating needs. The primary focus of the program is to finance working capital for existing businesses affected by the COVID-19 pandemic; however, loan proceeds may also be used to purchase assets, consolidate debt, refinance existing debt, etc. Due to expected demand, applications may be accepted for a limited time.

## ELIGIBILITY

### **ELIGIBLE USE OF LOAN PROCEEDS:**

- Working Capital
- Machinery and equipment
- Debt Consolidation
- Inventory
- Refinancing (Limited)
- Some farming and agricultural production

### **INELIGIBLE USE OF LOAN PROCEEDS:**

- Business relocation
- Speculating
- Purchasing property for lease
- Acquiring Ownership

**LOAN AMOUNT:**     **Minimum Loan Amount:** \$5,000     **Maximum Loan Amount:** \$500,000

**TYPE OF BUSINESS:** Most for-profit businesses and some non-profit businesses (meeting certain criteria) that are affected by the COVID-19 pandemic.

### **INELIGIBLE BUSINESSES INCLUDE:**

- Most Non-profit businesses
- Passive income or developer/landlord institutions
- Lending and investment institutions
- Media (newspapers, magazines, etc.)
- Hospitals (non-profit)

## REGULAR LOAN PROGRAM PROCEDURE

**APPROVAL:** Loan applications are accepted and reviewed for eligibility and repayment by CADD A staff and recommended to the CADD A CARES Loan Committee for approval.

**CLOSING:** After the loan has been approved by the CADD A CARES Loan Committee for financing, a closing will be scheduled to review and sign the loan documents and fund the loan.

**SERVICING:** CADD A will administer, monitor, and service all loans from inception through payment in full by the borrower/small business concern.

## **LOAN PROGRAM FEATURES**

### **BENEFITS:**

- **Reasonable Interest Rates**
- **Reasonable Terms**
- **No Down Payment**
- **Quick Response**
- **No Prepayment Penalty**
- **No Origination Loan Fees**

**LOAN DOCUMENTS:** CADDA will prepare loan documents. The borrower is required to certify to the adherence of all federal laws, that there is no conflict of interest and that the business is not relocating.

**INTEREST RATE:** Loans will carry a 0% interest rate from the closing date until the end of month it is closed as well as the next two proceeding months not to exceed 90 days. Rate will then convert to a fixed rate of 4%.

**REPAYMENT SCHEDULE:** The loan repayment is based on the useful life of the asset pledged to secure the loan and the use of the proceeds. Term may be up to 20 years based on the useful life of the assets pledged to secure the loan.

## **LOAN PROGRAM REQUIREMENTS**

**CASH FLOW:** The business must have positive 2019 net income and/or cash flow.

**CREDIT HISTORY:** The business and its principal(s) must have satisfactory history of meeting debt obligations in a timely manner.

**MANAGEMENT:** The company must have experienced management to successfully operate.

**LOCATION:** The project must be located within the nine Coastal Georgia counties of Bryan, Bulloch, Camden, Chatham, Effingham, Glynn, Liberty, Long and McIntosh.

**COLLATERAL:** Loans \$50,000 and under may be unsecured, however collateral may be required depending on the funding uses. Loans over \$50,000 will usually require a blanket lien on the business assets unless waived for good cause.

**PERSONAL AND BUSINESS GUARANTY:** A personal guaranty of all 20% or more owners will be required, as well as corporate guaranties of related entities when deemed necessary.

**INSURANCE:** Hazard insurance must equal the value of the assets pledged. If collateral pledged is located in a "Special Hazard Area" subject to flood, mudslides, erosions or earthquakes, as determined by a qualified specialist, the proper insurance coverage will be required.

**FEES:** Legal fees and closing costs are the responsibility of the borrower and may be included in the loan proceeds. Origination fees will not be charged.

### **FOR MORE INFORMATION CONTACT:**

**Coastal Area District Development Authority, Inc. (CADD)**

501 Gloucester St., Suite. 201, Brunswick, GA 31520

(912) 261-2500 ext. 15 | [www.cadda-sba.org](http://www.cadda-sba.org)