



**CITY OF
NORCO**
HORSETOWN USA

SMALL ENTERPRISE ASSISTANCE LOAN (SEAL) PROGRAM GUIDELINES

Revised February 2023

OVERVIEW

The City of Norco is offering financial assistance to small businesses through its Small Enterprise Assistance Loan (SEAL) Program. The program provides low-interest loans from \$5,000 to \$15,000 to eligible small businesses in the City of Norco to assist with physical improvements or business expansion. SEAL Program loans are meant to help support growth and expansion of businesses that are engaging in lines of business related to the City's agricultural and animal-keeping lifestyle, and/or that generate sales tax. The SEAL Program is funded by the City of Norco and lending is subject to availability of funds, generally offered on a first-come/first-serve basis.

BUSINESS ELIGIBILITY

A qualifying business must meet the following basic requirements to be eligible for the Program:

- Maintain operations within the City of Norco
- Possess an active City of Norco business license
- Have been in continuing operation as a for-profit enterprise in Norco for at least two (2) years prior to date of application (this requirement may be waived by the Loan Committee based on special circumstances)
- Employ no more than 25 employees

In addition to these basic eligibility requirements, participation is limited to businesses that fall into one or more of the following categories:

- Category 1: Agricultural Lifestyle - The business is engaging in work that is primarily related to and supporting the City's agricultural and animal-keeping lifestyle (small farmers, cottage food purveyors, equestrian instruction, agritourism ventures, etc.)
- Category 2: Sales Tax Generation - The business' taxable sales must equal 75% or more of its revenues, such as retailers, restaurants, and other businesses. Businesses that generate most of their revenues from non-taxable sales, such as service businesses (salons, medical offices, consultants, etc.) are not eligible.

FINANCIAL CONSIDERATIONS

The following factors will be addressed by the Loan Committee when evaluating an application for a loan:

- Applicant must demonstrate an ability to repay the requested loan
- To protect the City's interests, all loans are to be personally guaranteed
- Participation in other county, state or federal loan programs is not a disqualification, but the Loan Committee may consider the applicant's existing debt service and degree of need in making a determination for funding
- Debt consolidation will not be an eligible use of funds.

TERMS AND INTEREST RATES

Loan terms are flexible:

- 18 months to 5 years (60 months)
- No prepayment penalty
- Monthly payments required after the first 6 months; payments will vary by loan amount

A graduated interest rate is applied:

- First 18 months: 2% simple interest
- Months 19-36: 3% simple interest
- Months 37-60: 4% simple interest

REQUIRED DOCUMENTATION

For an application to be considered, the following documents must be submitted:

- Completed and signed Application Form
- Copy of valid California driver's license or state-issued identification card
- Copy of valid City of Norco Business License
- Copy of Profit & Loss Statement and/or business tax returns, as well as Sales and Use Tax returns, from the previous two (2) complete calendar years and for any partial year-to-date
- Business bank statements from the most recent 12 months
- Documentation (e.g. corporate bylaws, partnership agreement) specifying what person(s) in a corporation or partnership are authorized to sign documents and assume debt on behalf of the business
- Proof of business liability insurance
- Proof of workers compensation insurance, if applicable
- Any additional documentation reasonably requested by the Loan Committee

INELIGIBLE BUSINESSES

The following businesses are not eligible for funding:

- Any business or activity that is not currently in compliance with applicable local, state or federal ordinances or laws
- Any national chain that is not locally franchised

ELIGIBLE USE OF FUNDS

Funds under this program may be used to pay for either:

- Physical improvements (e.g. façade, tenant improvements, etc.)
- Business expansion

The specific uses of the funds will be considered by the Loan Committee.

EXECUTED DOCUMENTS

Approved borrowers will execute the following documents:

- Loan Agreement
- Promissory Note
- All loans will be personally guaranteed by the enterprise owner

APPLICATION

The Application Form can be downloaded from the City of Norco's website at:

<http://www.norco.ca.us/SEAL>

SUBMITTAL

Applications, with all required attachments, must be submitted in one of the following ways:

- In person, during regular business hours, to the Finance Department at Norco City Hall
- Via email at SEAL@ci.norco.ca.us

PROCESSING

Applications will generally be processed in the order they are submitted, although the Loan Committee may consider applications based on which best align with the City's goals and priorities for economic development. No administrative fees or processing charges are imposed. Applications will be reviewed by the Loan Committee. An email/letter will be provided to the applicant regarding the eligibility status. Successful applicants will receive funding within 30 days of approval.

LOAN COMMITTEE

The Loan Committee is comprised of Norco's Economic Development Working Group, an advisory group that works with the City Manager to support the City of Norco's business community. The Working Group provides lending recommendations to the City Manager, who finalizes loan approvals.