



## Frequently Asked Questions (FAQs)

### Information on Pawtucket's PBDC \$10,000 COVID-19 Emergency Loan Program and the PBDC \$5,000 COVID-19 Response Forgivable Loan Program

This program, administered by the Pawtucket's Department of Planning and Redevelopment, provides two loan programs (COVID-19 Emergency Loan or COVID-19 Forgivable Loan) to Pawtucket-based businesses impacted by the COVID-19 pandemic and is intended to assist them to continue their normal business operations and opportunities. The funding comes from the U.S. Housing and Urban Development's Community Development Block Grant funding that is allocated to the City by that federal agency.

#### Who is eligible to apply?

- Small businesses that were affected by the Coronavirus Pandemic between March 31, 2020, and July 29, 2021 are eligible for the loan programs. A balance sheet, profit-loss statement, bank statements or other financial documents that demonstrate the business's income prior to March 31, 2020, for three (3) consecutive months; documentation from January 2018 onward will be accepted (pre-COVID income). A business must provide documentation for three consecutive months in 2020/2021 that reflects the decline income relating to COVID-19 (between 30 and 50 percent).
- Small businesses with 25 or fewer employees.
- Business must be in good standing with all state and city property and tangible taxes.
- These loans are only for Pawtucket-based businesses (those with a physical address in Pawtucket).
- For-profit U.S. Corporation, LLC, partnerships or sole proprietorships.
- Must demonstrate at least a 30 percent loss of income for the \$10,000 PBDC Emergency Loan Program or a 50 percent loss of income for PBDC's \$5,000 Forgiveness Loan Program.

#### Who is NOT eligible to apply?

- Home-based businesses.
- Businesses NOT located in Pawtucket.
- Business Franchises.
- A business with a gross annual income over \$2,000,000.
- Real estate, multi-marketing, adult entertainment, cannabis, fire arms, social clubs, nonprofits and 501(c)(3) organizations are not eligible to apply.
- Businesses with gross incomes of \$2 million and over.

#### What are the terms of PBDC's Emergency Loan and Loan Forgiveness Program?

- Under **PBDC's Loan Forgiveness Program**, a business can apply for a \$5,000 loan. These loans have 24-month terms with no repayment for the first 12 months. These loans become forgivable after the first twelve (12) months if the business hires or retains one (1) low-



moderate income employee (LLC or incorporated) or if the owner is low-moderate income (sole proprietor). A two-percent interest rate will apply to any loans that do not become forgivable.

- Under **PBDC's COVID-Emergency Loan Program**, PBDC will provide \$10,000 loans to existing Pawtucket small businesses to assist businesses that have suffered severe financial hardship due to the COVID-19 pandemic. Due to the ongoing effects of the outbreak, loan repayment will be deferred for the first 12-month period after the loan is administered. After the 12-month period is over, businesses will begin monthly loan repayments on month 13 at two (2) percent interest. After repayment begins, businesses shall have two (2) years/24 months to complete full repayment of the loan.

### **What expenses are allowable to be covered by PBDC's loan assistance?**

- Operating expenses for day-to-day business operations, which include but are not limited to either past due or current rent, utilities, insurance, marketing costs and supplies.

### **What expenses are NOT allowable to be covered by PBDC's loan assistance?**

- Equipment
- Building renovations
- Hiring new employees with the loan proceeds

### **Can I apply to Pawtucket's COVID-19 Emergency Loan and Forgiveness Programs if I have received loan assistance from the City's PBDC loan program, state or federal programs?**

- All eligible businesses may apply to this program regardless of what aid has been previously received by the business from the city, state or federal government. Aid from Pawtucket's COVID-19 programs cannot be used to cover the same exact expenses nor pay down the debt from other city, state or federal loans, grants the business has previously received. No duplication of benefits will be eligible.

### **How long will Pawtucket's Emergency Loan and Forgiveness Programs be available to businesses?**

- Awards will be based upon the availability of funds. Applications will be considered in the order in which **COMPLETE** applications are received.

### **How will applications be reviewed?**

- Applications will be reviewed based on their ability to clearly provide all information requested in the application, to demonstrate the need for funding, to efficiently show the financial viability of the proposed application and its overall impact on the business's sustainability using PBDC's funding.



- Only applications that are clearly written and complete with all requested information will be reviewed.
- A business plan must be submitted to show how PBDC's funding will sustain the company through and beyond the COVID-19 crisis.
- Applicants must document the business costs that will be covered by PBDC's loans, impact operations, consumer confidence, existing business revenue and the community at large.
- A business must show that it has the resources to execute its proposed plan to improve its resiliency.

### **What documentation must be submitted with the application to consider it complete?**

- A lease or letter from landlord indicating monthly rental rate or a copy of the mortgage.
- Copies of all city and state business licenses.
- Confirmation that the business is current with state taxes and city taxes.
- Financial documentation certifying that there has been a loss of income (either 30 percent for PBDC's Emergency Loan Program or 50 percent for PBDC's Forgiveness Loan Program).
- A copy of the most recent personal tax returns for owners with 20 percent or more ownership interest.
- Document gross receipts of the business is less than \$2 million.
- An IRS W-9 Form.
- A Federal DUNS number. (City staff will assist you with this process of obtaining a DUNS number if needed. Please contact Herb Weiss at [hweiss@pawtucketri.com](mailto:hweiss@pawtucketri.com) for assistance)
- Documenting all state and federal COVID-19 Emergency loans and grants previously received.
- Provide the current business general liability insurance policy showing PBDC, 137 Roosevelt Avenue, Pawtucket, RI 02860, as an additional insured.
- Provide an income verification form if you are a sole proprietor.
- Submitted payroll must include employee name, number of hours and gross income.
- Job description of low/mod jobs to be created or retained.

### **How long will it take for an application to be reviewed?**

- Applications will only be reviewed if all requested documentation is submitted with the application. PBDC staff will reach out to applicants to request required documentation not provided.
- The time period of reviewing a COMPLETED application is 2-3 weeks.
- If your application is approved, PBDC's attorney will contact the applicant to begin to compile documents required for the closing. This process usually takes 2 weeks.

For questions, please contact Herb Weiss at 401-728-0500, Ext. 437 or at 401-742-4372 and by email at [hweiss@pawtucketri.com](mailto:hweiss@pawtucketri.com).