



CHATHAM LOAN FUND

PROGRAM GUIDELINES

OVERVIEW

The Chatham Loan Fund is a program designed to help small businesses access capital, create jobs and achieve success in Chatham County. The program, managed by Chatham Economic Development Corporation, provides collateral towards a business loan. The collateral can be up to 50% of the total loan amount, up to \$50,000.

Requests are reviewed by Chatham EDC staff and a Finance Committee. The Chatham EDC Board of Directors decides whether to approve or deny funding requests.

IS MY BUSINESS ELIGIBLE?

Candidates must satisfy these qualifications:

- ✓ For-profit business.
- ✓ Gross revenue does not exceed \$3 million per year.
- ✓ Location is within Chatham County in an area appropriately zoned for business.
- ✓ A business plan is available for review.

OTHER ITEMS THAT MAY BE CONSIDERED

- An applicant's residency and the scale of the business operations within Chatham County may be considered.
- Each owner with an equity position of 10% or more may be required to execute a Personal Guaranty Agreement for the full amount of the funding.
- We encourage every small business and entrepreneur to connect with the Chatham Small Business Center. The Chatham EDC Board of Directors may require applicants to seek technical assistance from the Chatham Small Business Center.



PROGRAM DETAILS

ELIGIBLE USES

- Working capital or operational funds
- Purchase of machinery, equipment, or commercial-use vehicles
- Improvement of owner-occupied commercial property
- Start-up funding
- Expansion of business services or products
- Acquisition of owner-occupied commercial real estate
- Tenant upfit and lease-hold improvements
- Workforce training and expansion

INELIGIBLE USES

- Refinancing of existing bank debt or investor loans.
- Purchase of equipment or improvement of real estate which are used or to be used for personal use
- Political activities
- Owner salary and dividend payments
- Speculative ventures (commodity futures, drilling for gas)
- Lending or investment
- Real property held for sale or investment
- Multi-level marketing – distribution plan businesses
- Floor plan financing
- Foreign controlled businesses
- Private membership clubs
- Illegal activities or businesses deemed inconsistent with the values of Chatham County

AMOUNT OF COLLATERAL

- Maximum: \$50,000
- Minimum: \$5,000

All requests are subject to the availability of funds.

FUNDING TERM

- Maximum Term: 5 years



HOW TO APPLY

APPLICATION PROCEDURES

1. Access and submit an application [online](#) or by PDF (attached). The application requires a business plan and details for the funding use.
2. Chatham EDC staff will review the application to ensure completeness of the application. The applicant may be referred to the Chatham Small Business Center for technical assistance.
3. Completed applications will be reviewed by the Finance Committee within thirty days of submission. The Finance Committee may request additional information and a meeting with the applicant.
4. In a closed session, the Finance Committee will present the request to the Chatham EDC Board of Directors. The Board of Directors will decide whether to deny, approve or approve with conditions the request.
5. The applicant will be notified in writing of the Board of Directors' decision.

If an applicant is denied, they can request a second review by the Board of Directors and its next regular meeting. The request must be:

- In writing,
- Include why the applicant thinks the request should be approved, and
- Submitted within two weeks of receiving the denial decision.

If an applicant is approved, Chatham EDC staff will work with the applicant's lender to establish a certificate of deposit for the approved amount and term. The account will be held as collateral towards the applicant's loan.

REPORTING REQUIREMENTS

Chatham EDC staff will continue to work with applicants through the term of their loan, requesting quarterly statements of payment history and providing support.



The Finance Committee provides quarterly reports of the status of active loan agreements to the Board of Directors. Events of missed payments or defaults will be reported to the Board of Directors in writing, and presented to the Board of Directors at its next regular meeting.

QUARTERLY PAYMENT STATEMENTS

After closing a loan, the applicant is required to provide a statement from its lender confirming payment history quarterly. Chatham EDC must be notified of missed payments. The applicant is encouraged to contact Chatham EDC in the event of financial issues so the applicant can be connected to appropriate business advisors.