



ARTS & TECHNOLOGY DISTRICT SMALL BUSINESS LOAN PROGRAM

Purpose:

- Designed for business retention, expansion, or the relocation of an existing business into the City of Covington's Arts & Technology District Loan Zone by providing below market rate financing for small businesses.
- Priority will be given to arts related business enterprises.

Eligibility:

- Loans are available to businesses for projects that will retain or create jobs including companies relocating into the City of Covington.
- The jobs created or retained by the small business must principally benefit low and moderate income persons.
- Loans are also available to new business start-ups, subject to additional program requirements.
- Businesses that by their nature restrict public access, including but not restricted to, taverns, liquor stores, and other facilities that are legally, exclusively adult-oriented are not eligible for loans.

Use of Funds:

- Equipment, Inventory, Leasehold Improvements, Real Estate Improvements.

Loan Amounts:

- Borrower can request up to 50% of total project costs with the maximum amount of the City loan not to exceed \$25,000.
- Priority will be given to projects that minimize the City's participation in relation to the total project cost.

Private Investment Requirement:

Loans must be made in conjunction with another source or sources of financing, such as another lender or equity from the owners or investors. Funds from other sources must equal at least 50% of eligible project costs and must have either equivalent or longer terms than the City loan.

Term:

- Subject to the useful life of the pledged asset, generally 2 - 5 years for leasehold improvements, 5 to 7 years for equipment and machinery.

Interest Rate:

1%

Security & Collateral:

- Lien position and/or collateral assignment on property
- Personal guaranty of company principal(s)

Additional Program Requirements:

- Start up business will be required to attend training provided by the NKU's Small Business Development Center.

Documentation Required:

- A completed application.
- Personal/business financial statements including tax returns for the last 3 years.
- A business plan including a 12 month pro-forma cash flow projection.
- Commitment letter from participating lender, if applicable.
- Other documentation as appropriate, including a credit report.

Application Fee:

- The City charges a non refundable \$150.00 application fee due at application submission.

For more information or to schedule an appointment, contact Beth Robinson, Business Specialist, City of Covington, at 859-292-2166.