



Feb. 3, 2022

VEDA Forgivable Loan Program

Total Funding Available: \$20 million (final amount TBD)

Purpose: To support Vermont businesses experiencing continued working capital shortfall as a result of the COVID 19 public health emergency.

Eligible Borrowers: For-profit and non-profit businesses with fewer than 500 employees located in Vermont and in operation on January 27, 2020, which can identify economic harm caused by or exacerbated by the pandemic. Economic harm can be resultant of lost revenue, increased costs, challenges covering payroll, rent or mortgage interest, or other operating costs which threaten the capacity of the small business to weather financial hardships and result in general financial insecurity due to the public health emergency.

To meet the economic harm criterion:

- Applicants must demonstrate a 25% or greater decline in “Adjusted Net Operating Income” between their fiscal years 2019 and 2021 due to negative impacts from the pandemic. (Adjusted Net Operating Income will take into consideration reasonable owner’s salaries and other COVID 19 relief grants / SBA PPP forgivable loans and non-cash expenses.)

Eligible Use of Proceeds: Operating expenses compliant with ARPA eligibility. Proceeds may not be used for capital expenditures.

Terms: Nine months, 0% interest and no payments. Any unforgiven amount at maturity will convert to a 12-month fully amortizing loan at 0% interest for the term of the loan.

Collateral: None, however VEDA reserves the right to require collateral if deemed prudent.

Personal Guaranties: Required from all owners of 20% or more of the business (not applicable for non-profit applicants). Acceptable FICO scores for owners.

Loan Amount: Min - \$5,000; Max -\$500,000

Calculation of Loan Amount: The lesser of six months of average historical eligible operating costs, or the actual decline in Adjusted Net Operating Income between the applicant’s fiscal year 2019 and most fiscal year. (Owners’ salary over \$100,000 will be excluded from calculation.)

Fees to Borrower: None

Determination of Forgiveness: Satisfactory documentation evidencing eligible use of loan proceeds.

Application Requirements: VEDA will create a Forgivable Loan Program application which will include the requisite supporting financial statements, invoices, receipts, and other documentation to support the request.