



**Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year 2021**

Program Name: Disaster Recovery Microloan
Program Inception: WEDC FY19
Lead Division: Business and Community Development
 New **Revised**
 Aid **Pass-thru Aid** **Technical Assistance**

Program Goal:

The goal of the Disaster Recovery Microloan (DRM) program is to provide short-term assistance to businesses affected by disaster events in the state of Wisconsin.

This program supports the following WEDC Strategic Pillar and Focus Area:

Business Development: Business Retention and Expansion

Program Description:

The program will provide grants to pre-approved regional entities with the capacity to deploy rapid response microloans to businesses affected by disasters, either natural or manmade. The microloans are to assist the business with necessary restoration and operating expenses until more long-term recovery funding can be secured. Providing immediate recovery funding in this manner is a best practice in community economic disaster recovery and leads to improved odds of a business reopening and remaining open long-term. WEDC will contract with regional entities to distribute and administer these loans in their respective geographic areas of the state, as applicable.

Eligibility Requirements:

DRM program grants will only be made available to regional entities where WEDC has an agreement in place outlining the grant obligations and terms and conditions of the microloan program. Within 30 days following a natural or man-made disaster event, which may or may not include a corresponding State of Emergency or Disaster Declaration, the pre-approved regional entity will request allocation of funding to make microloans in its respective region. WEDC will expedite review and approval of the request.

Eligible Microloan Recipients:

DRM program funds are available to businesses meeting the following criteria:

- Must be located in or directly adjacent to a region where the authorized regional entity has received an allocation
- Must have suffered measurable physical damage because of the disaster event
- Must attest to intent to resume business operations in the community as quickly as possible



Ineligible Businesses:

The following businesses are ineligible for DRM microloan funding:

- Payday loan and title companies
- Telemarketing other than inbound call centers
- Pawn shops
- Liquor stores
- Adult entertainment venues
- Home-based businesses
- Farms

Eligible Activities:

DRM program funds may be used for the following activities:

- Procurement of cleanup and restoration services
- Operating expenses such as payroll
- Temporary space
- Repair and reconstruction

Incentives and Available Funding (FY21): \$1,000,000

The program budget will be determined based upon a disaster event, the number of businesses in need of financial assistance, and the availability of funds. The incentives in this program are grants to pre-approved regional entities based on need related to the disaster event to provide microloans to affected businesses under the following conditions:

- Amount: Up to \$20,000
- Term: 24 months with no early repayment penalty
- Deferral: Minimum of six months
- Interest Rate: The interest rates for loans will be 0%
- Collateral and guarantees should be considered

Loan repayments may be retained by the regional entity for other economic development uses, such as economic development programming, matching funds to partner programs, small business education programs, revolving loan funds, etc. The regional entity has the authority to make forgivable loans, as long as the provision for such is stipulated in the loan agreement. As part of the grant award the regional entity may receive up to \$5,000 for the cost to prepare a schedule of expenditures in accordance with § 238.03(3)(a).

Activities and Expected Outcomes:

Nine regional organizations approved to administer the program covering all 72 counties.

Performance Reporting:

Recipients of DRM grants will be required to periodically submit a performance report documenting the businesses assisted, as well as any other contract deliverable.



WEDC annually selects awards on a sample basis for an audit. All backup to the performance report is required to be maintained for the life of the award. WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.

Application and Awards Process:

Pre-approved regional entities should complete an application through an Account Manager. The completed application will be assigned to an underwriter for expedited review and approval. For more information on application review, internal process, and award distribution, please refer to WEDC’s award administration policies and procedures.

Revision History:

Effective Date	Description of Change
9/18/18	<ul style="list-style-type: none"> Increase maximum loan amount; authorize regional entities to make forgivable loans; provide funding up to \$5,000 to regional entities for cost to prepare schedule of expenditures.
7/1/2019	<ul style="list-style-type: none"> Clarify available funding; clarify performance reporting requirements
8/13/2019	<ul style="list-style-type: none"> Revised available funding to reflect Board approval of \$1 million in DRM funds to assist disaster recovery from the extreme severe weather July 18-20, 2019.
7/1/2020	<ul style="list-style-type: none"> Clarified conditions when regional organization may retain loan repayments



PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

- Chief Operating Officer
- Chief Legal Officer
- Chief Financial Officer
- Other _____

Senior Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____