



Big Bear Lake Improvement Agency Small Business Loan Interest Rebate Program

PROGRAM OVERVIEW

Small businesses and start-ups, located or seeking to locate in the project areas of the Big Bear Lake Improvement Agency (“Agency”), can qualify for annual reimbursement of interest paid (subject to variable cap terms) on small business loans used for interior and exterior improvements to their places of business secured through institutional FDIC insured lenders. Additionally, a 10% principal reduction payment is possible after the loan is paid in full if the business is still open and operating and there has been an increase in total taxable sales generated from the business of at least the original principal amount of the loan. Commercial property owners who lease space to qualified small businesses and whom also qualify as a small business as defined by the Small Business Administration (SBA) are also eligible. Small businesses located outside of the project areas may also qualify on a case by case basis subject to project area “benefit” findings by the Agency.

ELIGIBILITY

- A small business as defined by the Small Business Administration
 - 100 employees or less
 - Annual gross receipts of \$7 million or less
 - Fewer than 10 locations or franchises nationwide

BENEFITS AND TERMS

Small Businesses:	Maximum Loan of which interest can be rebated	Maximum Amount of Interest to be rebated	Maximum Loan Term	Maximum Amount of Principal Reduction Payment**
Existing business located in Project Area	\$100,000	\$25,000	5 years	\$10,000
Existing business seeking to locate in Project Area	\$75,000	\$18,750	5 years	\$7,500
Start-up seeking to locate in Project Area	\$50,000	\$12,500	5 years	\$5,000

** Eligible for Principal Reduction Payment if loan is paid in full, business is open and operating, and total taxable sales have increased at least by the original principal amount of the loan

In exchange for the benefits paid under this program, participating businesses enter into an Operating Covenant Agreement with the Agency acknowledging: 1) That it plans to remain open and conduct normal business operations for the term of the loan and 2) If they fail to do so, that they will no longer be eligible for any benefits under the program regardless of the status of their loan repayment.

FUND USES

Exterior Rehabilitation and Improvements

- Signage and Façade Improvements
 - Including windows and doors
- Building Envelope Improvements
 - Including painting, wall treatments, roof repair, patio/porch coverings
- Exterior lighting, landscaping, walkways, outdoor dining areas and parking lot improvements

Interior Rehabilitation and Improvements

- Permanent tenant improvements/capital that stay with building
- Restroom/kitchen upgrades and remodels
- Painting and lighting
- Flooring and walls
- Permanent cabinetry, shelves and other wood/masonry work
- HVAC
- ADA improvements
- Does NOT include fixtures, furniture and equipment that business can take from property

PREFERRED LOCAL LENDERS

Preferred local lenders that are aware of the program:

Arrowhead Credit Union
Citibank
Union Bank of California
First Mountain Bank

Other institutional FDIC insured lenders can be used

PROCESS

- Consultation with Agency staff regarding program requirements and procedures
- Bank Loan Approval
- Construction Project Approvals and Permits
- Complete Construction Project and “Sign Offs”
- Program Eligibility Determination
 - Sign Operating Covenant Agreement
- Annual Interest Reimbursement
 - After filing annual business tax returns
- One-time Principal Reduction Payment
 - After loan is paid in full

SAMPLE INTEREST PAYMENTS

Principal Loan Amount	\$50,000	\$75,000	\$100,000
Bank Interest Rate	8%	8%	8%
Term	5 years	5 years	5 years
Monthly Payments	\$1,014	\$1,521	\$2,028
Interest – Year 1	\$3,694	\$5,541	\$7,388
Interest – Year 2	\$2,991	\$4,486	\$5,981
Interest – Year 3	\$2,229	\$3,344	\$4,458
Interest – Year 4	\$1,404	\$2,106	\$2,809
Interest – Year 5	\$511	\$766	\$1,022
Total Interest	\$10,829	\$16,243	\$21,660
Program Cap	\$12,500	\$18,750	\$25,000