

# Guide to Golden LEAF Rapid Recovery Loan Program

## COVID-19 Response Resource Center: Timely Counsel for your Business

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The Golden LEAF Foundation is providing \$15 million in funding to launch a rapid recovery loan program in response to economic losses for small businesses related to COVID-19. The program is being launched by a consortium of public, private and non-profit partners who have come together to help stabilize North Carolina's small business sector during these uncertain times. The program will be managed by the NC Rural Center and is designed to provide a bridge for small businesses needing immediate capital while they are in the process of applying for a Small Business Administration (SBA) Economic Injury Loan or other commercial loan.

**Who is eligible?** All North Carolina small businesses affected by COVID-19 are eligible (all 100 NC counties are included). In order to apply, businesses must have at least one (1) employee, who could be the self-employed owner. Even start-up businesses are eligible provided that they began operations before March 23, 2020.

**What are the financing terms?** The program offers loans of up to \$50,000; however, loan sizes are capped at approximately two months of the applicant's current revenue. Loans will be provided at 6 months of zero interest and no payments, followed by 48 months of principal and interest payments at an interest rate of 5.5%. Interest will accrue on any unpaid balance at the beginning of the 7<sup>th</sup> month. There will be no prepayment penalties. Defaulted loans are subject to normal commercial collection processes.

**What are other requirements?** Any individual with greater than 20% ownership in the applicant will be required to personally guarantee the loan. Applicants will be required to assign the proceeds of future assistance programs to repayment of their loan under the Golden LEAF Rapid Recovery Loan Program.

**What can the money be used for?** Loan proceeds may only be used for maintaining or restarting a business. However, use of the loan proceeds to pay off existing debts for qualifying business maintenance or restart purposes may be authorized on a case-by-case basis.

**How long will it take to get the money?** While the program's partners have not provided approximate timeframes for these loans, the program's partners have stated that they are committed to moving as fast as possible to assist businesses and they will respond as soon as

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possible after a business applies for a loan.

**How do I apply for a loan?** Applications can be found online here. In addition to completing an online application, applicants will need to provide tax returns, profit and loss statements and bank statements.

More information about the Golden LEAF Rapid Recovery Loan Program can be found here. You can also obtain additional information by calling 800-228-8442.

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Brooks Pierce is dedicated to keeping our clients fully informed during the COVID-19 crisis. For more information, please visit our COVID-19 Response Resources webpage.

**Tags:** Economic Injury Disaster Loan Program, Small Business Administration