

HARLINGEN ECONOMIC DEVELOPMENT CORPORATION'S HELP FOR SMALL BUSINESS PROGRAM

COVID-19 has shifted the lives of our communities, our state, our nation, and worldwide. It has upended plans and goals, missions and decisions. That's why in April of 2020, the Harlingen Economic Development Corporation Board of Directors set aside \$1,000,000 to establish the Harlingen Emergency Loan Program (H.E.L.P.) for Small Business program.

I. Innovativeness

- The HELP for Small Business program became the first of its kind in the Rio Grande Valley region to provide emergency loans at zero-interest to qualifying small business owners. The ease of a secure online application gave business owners the confidence to apply for the loan. The funds can be used for expenditures to include payroll, rent, utilities, cost of goods sold, inventory, and other ordinary costs of doing business. Upon loan approval, applicants would repay the loan one year after disbursement with payments amortized over a period of 36 to 60 months based on the borrower's ability to pay. While federal emergency loan assistance programs have been available through the Small Business Administration, Harlingen EDC CEO, Raudel Garza, and the HEDC board members recognized that the need was still great and HELP for Small Business would become part of the solution.

II. Transferability

- The program, which launched on May 1, 2020, inspired other neighboring cities to create their own programs similar to HELP for Small Business. As other economic development organizations searched for ways to help their business community, they looked at the HEDC program to create their own program that would model HELP for Small Business yet fit the needs of their community. Weslaco EDC, Mission EDC, McAllen Chamber of Commerce, McAllen EDC, Alamo EDC, Edinburg EDC, Pharr EDC, Mission EDC, among others, have since launched similar programs for their communities or extended efforts within their cities to continue providing loans or grants to small business owners.

III. Community Commitment and Leverage

- In providing this loan program, the HEDC has established a revolving loan fund that will in the long-term support the small business community and help retain jobs. This program was strengthened by the support of not just the HEDC board of directors, but by the City of Harlingen mayor, city commission, city management and staff. The program was also supported by the Harlingen Area Chamber of Commerce and the Downtown

Harlingen Business Improvement District. These two entities actively helped business owners complete the application. A loan review committee consisting of five leaders from both the public and private sectors was established by the HEDC Board and approved by the City Commission. The Committee was given the authority to approve loans allowing for a quick turnaround time of less than two weeks from completion of an application to funding, getting help at a critical time to those small business owners in need.

IV. Measured Objectives

- First and foremost, the program was designed to keep small businesses in Harlingen operational. To date, \$446,000 in funds have been disbursed and 47 small business owners are open partly because of the assistance they received.
- Secondly, job retention was another key component of this program. HELP can be credited with retaining more than 400 full-time equivalent jobs in town.
- Finally, **HELP** was designed to give people hope. Although that is difficult to measure, the testimonials from the loan recipients are proof that this program has given many small businesses that reassurance they need to keep going through this tough time.

V. Secondary Benefits

- **HELP** has given HEDC another tool in our BRE program. We have established relationships with many businesses that were not aware of our services and some of the tools that we can provide.
- **HELP** has improved the City's image in the community. At a time when many believe that cities are always increasing taxes and not providing enough for their taxpayers, this program has shown the citizens of Harlingen that local government can also be empathetic to their plight.
- **HELP** has set a foundation for expanding small business services within the HEDC and it has provided a good framework for cooperation among various governmental departments.

HARLINGEN EMERGENCY LOAN PROGRAM

HARLINGEN'S EMERGENCY LOAN PROGRAM (HELP) FOR SMALL BUSINESS, PROVIDES INTEREST FREE LOANS OF UP TO \$10,000 TO QUALIFIED BUSINESSES IN HARLINGEN.

To qualify for a HELP loan of up to \$10,000, a business applicant must:

1. Have applied for an EIDL (Economic Injury Disaster Loan) with the Small Business Administration (SBA), or
2. Have applied for a PPP (Paycheck Protection Program) loan through a local lender; and
3. Has not taken the loan or has not received funding, or
4. If the applicant did take an EIDL or PPP loan, then the applicant must substantiate the need for more funding in an explanation in the narrative section of the application.

The applicant must also:

- Show a loss of revenues greater than 10% during this crisis period versus last year,
- or if it is a new business, show a loss of revenues greater than 10% versus the previous 6-month average of monthly sales, or
- Provide evidence of extreme hardship, and
- Have 50 or fewer full-time equivalent* employees working in Harlingen as of March 1, 2020, and
- Commit to staying in Harlingen throughout the term of the loan

Filing Requirements:

- Completed online HELP Application
- Complete copies, including all schedules, of the most recent Federal income tax returns for the applicant business; an explanation if not available.
- [Personal Financial Statement](#) completed, signed, and dated by the applicant (if a sole proprietorship), each principal owning 20 percent or more of the applicant business, and each general partner or managing member.
- [Schedule of Liabilities](#) listing all fixed debts.
- Profit and loss statements or other documentation showing a financial loss of 10% or more during the period from March 1, 2020 through the date of the application or [Monthly Sales Figures](#) beginning 3 years prior, if applicable, to the disaster and continuing through the most recent month available.
- A narrative of the economic need and proposed use of funds.

Apply Today at www.harlingenedc.com

Need help applying or have questions call us at 956-216.5082



AMOUNT
Loans up to \$10,000



TERM
Amortized over a period of
36 to 60 months.



REPAYMENT
Repayment of loan will begin one
year after disbursement of funds



ELIGIBILITY
50 or fewer full time equivalent*
employees in Harlingen.