



Altavista Advantage

REVOLVING LOAN PROGRAM

FINAL REPORT



Background

In 2014, the Town of Altavista was granted a Rural Business Enterprise Grant (RBEG) from the United States Department of Agriculture (USDA) Office of Rural Development, in the amount of \$99,500 to establish a revolving loan fund to assist small and emerging businesses in the Town of Altavista.

The program was administered by the Altavista Economic Development Authority, with the assistance of Town staff.

Its goal was to stimulate business development and expansion, encourage private investment, promote economic development, and enhance community vitality.

The funding was available for start-up or established businesses located within the Town boundaries.

PROGRAM OVERVIEW

Loans up to \$10,000 were available for start-up businesses, which were classified as businesses with less than three (3) years of operating history, and business expansions.

To be eligible the business had to be in the Town or had planned to relocate from another locality to the Town of Altavista.

ELIGIBLE PROJECTS:

Funds could be used to finance and develop existing and emerging private business enterprises. Costs that were eligible included acquisition and development of land, construction and renovation of buildings, plans, equipment, parking areas, utility and service extensions, refinancing fees, technical assistance, startup operating cash and working capital, and adult workforce training.

Existing and emerging private business enterprises are defined as businesses with less than \$1 million in gross revenue; less than 50 new jobs being created because of the project, and a business that has or will utilize technological innovations and commercialization of new products that can be produced or manufactured in a rural area.

INELIGIBLE PROJECTS:

Production of agricultural products through growing, cultivating and harvesting either directly or through horizontally integrated livestock operations, except for commercial nurseries or timber operations; comprehensive area type planning, development of a proposal that may result in the transfer of jobs or business activity from one area to another. However, a new branch or subsidiary of a business may be considered. Development of a proposal which may result in an increase in goods, materials, commodities, services, or facilities in an area when there is not sufficient demand. Refinancing of existing debt.

LOAN TERMS:

- The interest rate was set at prime, minus 1% for a period of 60 months.
- There was no prepayment penalty.
- An 80/20 match was required by the applicant.
- A one-time servicing fee of 5% of the total loan amount was assessed.

PRELIMINARY EVALUATION APPLICATION

Perspective applicants were required to complete a preliminary application and questionnaire to determine if they met the program's requirements.

Any person who owned 20% or more of the business or who was a guarantor was required to complete a questionnaire developed by the Town to assess credit worthiness.

Applicants signed a release authorizing the Town to access their credit report. Applicants with a credit score of 620 or below were not eligible for funding.

FULL APPLICATION

Once given the notice to proceed a full application was submitted to the Town, which was comprised of:

- The preliminary application.
- A personal financial statement, which was a spreadsheet that detailed the assets and liabilities of the applicant(s).
- Corporate federal and state tax income tax returns for the previous three (3) years for businesses established for three (3) or more years. For businesses established less than three (3) years, corporate federal and state income tax returns for the years of operation.
- Three (3) years of federal and state income tax returns for the member(s) of the legal structure of the business (sole proprietor, partners, principal officers) that owned more than 20% of the business.
- A copy of the existing or proposed lease agreement.
- A business plan was required, and assistance could be obtained through the Small Business Development Center.
- A market analysis which detailed the existing market, who they were, where they came from, and their needs and interests.
- A marketing strategy which detailed how the business intended to reach and capture their marketing through advertisement or other means.
- Neighborhood impact analysis on how the business had or would impact the community.
- Explanation of the product lines, offerings, equipment, materials, and suppliers.

- Description of the management structure and management team’s experience, with an explanation of how the team made it possible to reach the business objectives.
- Current financial situation and forecast containing profit and loss statements, balance sheets, and three-year proforma.
- Financial proposal for how the funds would be used.
- A plan for the company’s future with an explanation of how all the components from marketing to financing would enable the business to arrive at that point.

APPLICATION REVIEW

The loan application and corresponding documents were reviewed by the Loan Committee, made up of representatives of the Altavista Economic Development Authority, supported by Town staff.

APPLICATION APPROVAL AND SURETY

The Loan Committee’s recommendation was submitted to the full Board of the Economic Development Authority (AEDA) with a vote taken on whether to approve the loan application.

Once approved the borrower submitted the required documents to USDA for review and approval and funds were sent to the Town for disbursement.

A deed of trust and deed of trust note was signed by the borrower and recorded by the Town of Altavista at the Office of the Clerk of Circuit Court for Campbell County.

The first loan payment was to be made on the first day of the month following the execution date of the contract.

PROGRAM REVAMP

By 2021, the program had become stagnant, and no new applications were submitted. The Loan Committee recommended to staff, Town Council, and the AEDA that future loan applications be approved with 0% interest.

PROGRAM BENEFICIARIES

Between 2015 – 2022 the AEDA recommended approval of six (6) loans.

Mitchell’s Salon on 7th



Gwen Wells was the owner of Mitchell’s Salon located at 503 7th St in downtown Altavista. She was a stylist that specialized in razor and textured haircuts, extensions, and Brazilian blowouts. She borrowed \$10,000 in 2015 to expand the product lines offered at her salon to include Bare Minerals,

Aveda, Davines, and Moroccanoil. She closed the business and moved to Charlottesville, VA in 2019 still owing on the loan.

Kvasir Meadworks

Owned by Jerome Snyder, Kvasir was a honey-based alcoholic beverage called mead that was created by combining honey, water, and yeast. At the time Virginia was known for its wine and craft beers, but there were few meadery businesses. Different flavor profiles were created by adding seasonal fruits, spices, and fresh herbs such as black cherries, lavender, vanilla, and ginger. The business began as a home-based hobby and due to the interest in their product they decided to expand into the commercial market using Virginia sourced ingredients.



In 2015 the Town of Altavista amended its Zoning Ordinance to permit these types of businesses in downtown Altavista. An Altavista Advantage Loan was approved for \$10,000 in May of 2015 to purchase equipment for a facility located at 621-C Broad St in downtown Altavista. The business ran into issues when its name was twice accused of copyright infringement by Dogfish Head Brewery.

The business shuttered in 2019, rebranded as Skjald Meadworks in response to the trademark issues, and moved to Charlottesville, Virginia to cater to a wider audience, still owing on its Altavista Advantage Loan. The debt was finally settled in 2022.

JoSa Farm

Joshua and Sarah Pratt wanted to create a farm to table business and borrow to start their business in 2016. The business never took off and the loan was repaid in 2017.

Heavenly Hair



Allison Heyes was a stylist in Altavista that had rented booths in other locally established salons. She desired to own her own business and started Heavenly Hair at 517 Main Street when the former salon tenant retired. She borrowed \$10,000 in 2021 to purchase new furniture, fixtures, and equipment.

Perfect Canvas Salon

Kaitlin Smith purchased and rebranded a salon located at 613 Broad Street when the former salon owner retired in January 2022. She received a \$10,000 loan in 2022 to purchase new equipment, furniture, and fixtures for the salon to attract a younger clientele. The business is still thriving but has moved to another building in the downtown area where the rent was less.



B&F LEASING

B&F Leasing was the first company to apply for funding for exterior improvements to a building under the Altavista Advantage Revolving Loan Fund. The company owned an established commercial strip addressed as 507-521 Main Street.

Through the Town's Main Street partner, Altavista On Track (AOT), Frazier Associates was hired to produce a rendering of a façade upgrade and the work needed. The proposed work included a new roof, heat pump, replacement windows and doors, upgrades to electrical work, and interior improvements.

FUNDS DEOBLIGATED

Despite the Town's efforts to promote the program, it was unable to approve any additional loans. Many businesses struggled during the height of the coronavirus pandemic and opening a new business or expanding an existing business was a risk many businesses owners did not want to assume.

In 2022, USDA de-obligated the remaining fund balance of \$31,000.