



# SMALL BUSINESS LOAN POLICY AND PROCEDURES



**City of Anderson**

**Community Development Department**

**Mayor, Thomas Broderick, Jr.**

**Version June 2020**

**BUSINESS LOAN**

**PROGRAM GUIDELINES**

## For CDBG

### City of Anderson COVID-19 Micro-Enterprise and Small Business Loan Fund

#### 1.0 INTRODUCTION

The City of Anderson Community Development Block Grant (CDBG-CV) is an economic development activity funded with the City's Community Development Block Grant-CV funding received as part of the CARES Act. The Emergency Assistance Fund targets Anderson Microenterprise businesses with five (5) employees or less (including owners of the business) as defined by HUD's microenterprise definition, and Small Businesses – businesses with up to 25 (twenty-five) full time equivalent (FTE) employees or less (including the owner of the business) that have not received the SBA EIDL funding prior to this application and addresses disparities in minority lending and business ownership in Anderson.

This is a new program being offered to City of Anderson microenterprise and small businesses only during the COVID-19 pandemic. The City of Anderson values the local owned and operated micro and small businesses in the community and believes this is a way to bridge a gap during these difficult times and also being ordered to close by the State of Indiana.

The Emergency Fund application process and generally follows the following steps:

1. Applicant submits program application to City Community Development staff.
2. Staff completes a threshold review.
3. Eligible applications scored by grant committee and selected for approval.
4. Staff develops and executes contract.
5. Staff ensures project implementation.
6. Staff provides updates as necessary.

The U.S. Department of Housing and Urban Development does not allow for duplication of benefits. This emergency fund is dedicated to reducing barriers to capital and to sustain operations for Anderson businesses that have been affected by the coronavirus/COVID-19. The assistance provided as a forgivable loan will be given up to \$10,000.00 for: Microenterprises – 5 employees or less (including owners of the business) and Small Businesses – businesses with up to 25 (twenty-five) full time equivalent (FTE) employees or less (including the owner of the business) that have not received the SBA EIDL funding prior to this application. Businesses that received SBA PPP loans that can demonstrate 75% use toward payroll and need supplementary funding are encouraged to apply. Page 29 of the application provides a certification of CARES Act funding.

#### 2.0 Availability of Funds

In response to the economic impact of the COVID-19 pandemic, the City of Anderson is allocating up to \$164,223.00 of the CDBG-CV funding towards the development of this new microenterprise program referred to as the Small Business Emergency Assistance Fund.

Funding provided through this program will be provided as a 6-month forgivable loan, with awardees eligible to complete forgiveness of the loan provided they maintain compliance with Community Development Block grant, city requirements and other obligation set forth in their submitted application. Application deadline COVID Business Assistance December 15, 2020 unless funds are exhausted prior to that date.

The maximum request is \$10,000.00. A minimum funding amount of the \$1,000.00 is required to apply for funding.

### **3.0 Eligible Applicants**

Microenterprises employing 5 employees or less (including owners of the business) and Small Businesses-businesses employing with up to 25 (twenty-five) full time equivalent (FTE) employees or less (including the owner of the business) that have not received the SBA EIDL funding prior to this application. Businesses that received SBA PPP loans that can demonstrate 75% use toward payroll and need supplementary funding are eligible to apply. Duplication of SBA EIDL benefits are prohibited. Business must be located within the City of Anderson jurisdictional boundary. Business must document operations for One (1) year or more. Businesses must commit to retaining Full-Time Equivalent (FTE) jobs for the duration of the loan period. FTE is calculated as one or more employee's hours combining to equal 40 hours per week. The minimum number of FTE jobs will be specific to the applicants' business and will be determined prior to executing the contract.

### **4.0 Proposal Costs and Payment of Contingent Fees**

The City of Anderson is not liable for any costs incurred by an applicant prior to execution of a forgivable loan agreement. All costs incurred in response to this solicitation are the responsibility of the applicant.

### **5.0 Acceptance of Terms and Conditions**

By submitting a response to this Notice of Funding the applicant acknowledges and accepts all terms and conditions of this request and all City, State, and Federal regulations and requirements related to the delivery of the eligible activities. If the applicant is awarded a contract, the applicant's application will become part of the contract agreement. The applicant is bound by the terms of the application unless the City agrees that specific parts of the application are not part of the agreement. The City reserves the right to introduce different or additional terms and/or conditions during final contract negotiations. Applicants will be required to enter into formal written agreements with the City. The City will not make exceptions to policies and procedures outlined in the policies and procedures outlined in the program guidelines that are derived from HUD requirements. The City, however, reserves the right, at its sole discretion, to deviate from City-imposed policies and procedures in extenuating circumstances. A request for exception to program guidelines shall be submitted to staff in writing by applicant. Exceptions are defined as any action which would depart from policy and procedures stated in the guidelines.

Applicants to this program for funding need to provide certification and documentation that CARES Act has been applied for and/or received prior to the award of funds under this program. Applicants shall complete the Certification and Authorizations of the application.

### **6.0 CDBG National Objective: Microenterprise**

Under federal regulations, use of CDBG funds for microenterprise activities must meet the national objective of benefit to low/moderate (“low/mod”) income persons under the Limited Clientele definition at the time of household income certification and for up to 6 months following certification. As such, all microenterprise owner households must be documented as employees of the business and meet HUD’s low/mod household income definition prior to receiving any Program services. This is in addition to meeting the “definition” of a microenterprise, as described above.

City Staff will verify that microenterprise owner(s) meet HUD’s low/mod income household requirement by completing the HUD 24 CFR Part 5.609 income verification process. Business Assistance program applicants must submit documentation to complete the income verification process, when applicable, to determine program eligibility as requested by City staff (included in Appendix C of the application). This information will be kept confidential to the extent permitted by law, but will be used to determine program eligibility. Separate files will be maintained by the City for each CDBG Microenterprise application.

As with other microenterprise program activities, if the City determines that the applicant household income information is not accurate, is over HUD’s income limits, is using funds for ineligible activities, or is disqualified from receiving federal assistance, then all program services will cease immediately and any allocated funds will be due and payable immediately.

### **7.0 Description of Business Assistance Process**

#### **1. THRESHOLD REVIEW:**

Once the application has been reviewed by City staff, staff may request a meeting with the applicant. During the meeting, discussion topics may include: 1) written contract agreement requirements; 2) required income documentation for compliance with CDBG standards; and 3) federal overlay compliance triggered by project. City Staff may request that additional information about the project be received within a specific deadline, and schedule additional meetings as part of the threshold review. The Department will issue a written decision on project eligibility based on the application, follow-up meetings, and timely receipt of additional documentation.

#### **2. FINAL REVIEW AND FUNDING RECOMMENDATIONS:**

Community Development staff will review program applications and make recommendations to grant committee made up of community members and Director of Economic Development Department or their designee to expedite the disbursement of funds.

Note: Any project “work” started before contract execution and the clearance of all conditions, regardless of the source of the funds used, will not be eligible for funding. Community Development will complete the environmental review prior to disbursement of funds.

3. CONTRACT EXECUTION AND DISBURSEMENT OF CDBG FUNDS:

The executed forgivable loan agreement (contract) will be developed by Community Department staff. The agreement will contain General Conditions that must be completed by the applicant, and any Special Conditions (conditions unique to this project) that the applicant must “clear” prior to release of any CDBG funding from the Department. Existing employees shall each complete the household income self-certification form prior to the execution of the loan agreement.

Once all required documentation is submitted and approved, the parties will execute the loan agreement. Awardees are required to submit documentation of the use of funds to the Community Development Department. If the awardee does not provide documentation for the use of funds, the award amount will be due and payable immediately.

Procedures for Submitting Closeout Documentation

- All grant funds must be expended no later than December 31, 2020.
- Awardee will submit a Final Report along with a detailed expense report and supporting documentation for the use of funds
- The most common types of supporting documents are receipts, invoices, and proofs of payment. Below are examples of the information that should be included:

<b>Itemized Receipt</b>	<b>Invoice</b>	<b>Proof of Payment</b>
<i>An original document from the merchant showing:</i>	<i>An original document from the merchant showing:</i>	<i>Needed in tandem with an invoice. The following are common proofs of payment.</i>
<ul style="list-style-type: none"> <li>• Merchant’s Name</li> <li>• Transaction Date</li> <li>• Amount Paid</li> </ul>	<ul style="list-style-type: none"> <li>• Merchant’s Name</li> <li>• Invoice Date</li> <li>• Amount Billed</li> <li>• Description of billed item(s)</li> </ul>	<ul style="list-style-type: none"> <li>• CDBG Authorized Time Sheet with Payroll ledger</li> <li>• CDBG Authorized</li> </ul>

<ul style="list-style-type: none"><li>• Description of purchased item(s)</li><li>• Description of additional charges (taxes, service, delivery, etc.)</li><li>• Form of payment used</li></ul>	<ul style="list-style-type: none"><li>• Description of additional charges (taxes, service, delivery, etc.)</li></ul>	<p>Request for Mileage Reimbursement Form</p> <ul style="list-style-type: none"><li>• Photocopy of a cancelled check (front and back)</li><li>• Credit card sales slip</li><li>• Monthly credit card statement</li></ul>
--	--	--

**APPENDIX A**  
**CDBG-CV SMALL BUSINESS EMERGENCY ASSISTANCE**

**EMPLOYEE INCOME DATA FORM**

(To be filled out by employer)

Employer: After the new and current employee has completed the "Employee Income Certification Form", please provide the following information for all employees (new, current, retained, terminated) that were hired as a result of the CDBG-CV Small Business Emergency Assistance program.

1. NAME AND ADDRESS OF EMPLOYER

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

2. NAME AND ADDRESS OF EMPLOYEE

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

3. EMPLOYEE IDENTIFICATION NUMBER (or S.S #)

4. JOB TITLE \_\_\_\_\_

5. DATE HIRED \_\_\_\_\_ OR DATE RETAINED \_\_\_\_\_

6. DATE TERMINATED, if applicable \_\_\_\_\_

DATE REPLACEMENT HIRED \_\_\_\_\_

7. AVERAGE HOURS WORKED PER WEEK \_\_\_\_\_

8. WHEN HIRED, was employee LMI (Low and/or moderate income)? \_\_\_\_\_

9. LMI STATUS VERIFIED BY:

\_\_\_\_\_ Employee Income Certification Form

**TO BE FILLED OUT BY THE EMPLOYEE**

**EMPLOYEE INCOME CERTIFICATION FORM**

The U.S Department of Housing and Urban Development (HUD) has provided funds to the City of Anderson for the purpose of assisting employers. Your employers, as a condition of receiving this assistance, must certify to the City of Anderson the previous 12 months household income for each employee hired/retained. To assist the business in meeting this requirement, please provide the information as request below.

**INSTRUCTIONS:**

Find the "Size of your Household" row that corresponds with the number of persons in your household during the 12-month period before your hire date. In the same row, place a check mark in the "Less Than" or "More Than" column that reflects your before taxes household income for the 12 month period before your date of hire in comparison to the corresponding figure given. *Example: If there were 4 person in your household during the 12-month period before your date of hire and your combined household income was \$38,700, a check would be placed next to 4 persons and check would be placed in the "Less Than" column after \$51,600.*

---

SIZE OF HOUSEHOLD	INCOME (2020)	LESS THAN	MORE THAN
1 PERSON	\$36,150		
2 PERSONS	\$41,300		
3 PERSONS	\$46,450		
4 PERSONS	\$51,600		
5 PERSONS	\$55,750		
6 PERSONS	\$59,900		
7 PERSONS	\$64,000		
8+ PERSONS	\$68,150		

**I UNDERSTAND THAT THE INFORMATION PROVIDED IN THIS CERTIFICATION IS SUBJECT TO VERIFICATION BY THE CITY OF ANDERSON AND/OR HUD.**

DATE \_\_\_\_\_ EMPLOYER \_\_\_\_\_

---

EMPLOYEE (printed name)

---

EMPLOYEE signature

HUD REQUESTS THE FOLLOWING INFORMATION:

1. Name \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_ Phone \_\_\_\_\_
2. Employee Identification Number (or last 4 digits of S.S. #) \_\_\_\_\_
3. Job Title \_\_\_\_\_
4. Date of Hire \_\_\_\_\_ Or Date Retained \_\_\_\_\_
5. Average hours worked per week \_\_\_\_\_

HUD ALSO REQUESTS THE **OPTIONAL** INFORMATION:

6. Place a check mark next to all races that apply:

\_\_\_\_\_ White  
\_\_\_\_\_ Black  
\_\_\_\_\_ Asian/Pacific Islander  
\_\_\_\_\_ American Indian  
\_\_\_\_\_ Other

7. Are you of Hispanic origin/Latino \_\_\_\_\_
8. What is your current age? \_\_\_\_\_
9. What is your sex?    Female        Male
10. Are you a single female? \_\_\_\_\_ Are you head of household? \_\_\_\_\_
11. Are you physical handicapped? \_\_\_\_\_
12. Is there a handicapped person in your household? \_\_\_\_\_
13. Are there children in your household? \_\_\_\_\_

## 2020 Community Development HOME Income Limits

*Effective 7/01/2020*

City of Anderson, Indiana

Median Household Income - \$ 35,985 (2018 Dollars U.S. Census)

<https://www.census.gov/quickfacts/fact/table/andersoncityindiana/PST045216>

	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
30% Extremely Low- Income	13750	15700	17650	19600	21200	22750	24350	25900
Very Low Income	22900	26150	29400	32650	35300	37900	40500	43100
60 % Median	27480	31380	35280	39180	42360	45480	48600	51720
Low Income	36600	41800	47050	52250	56450	60650	64800	69000

Limits for a household with more than 8 members are calculated according to the following methodology:

- (A) Subtract 8 from # in household
- (B) Multiply (A) by 8
- (C) Add 132 to (B)
- (D) Multiply (C) by 4 person limit
- (E) Divide (D) by 100
- (F) Round (E) to nearest \$50

- "very low-income" is defined as 50 percent of the median family income for the area, subject to specified adjustments for areas with unusually high or low incomes;
- "low-income" is defined as 80 percent of the median family income for the area, subject to adjustments for areas with unusually high or low incomes or housing costs;

The above income guidelines have been established by the United States Department of Housing and Urban Development (HUD) for Entitlement Cities in accordance with Section 3(b) (2) of the United States Housing Act of 1937, as amended. The City of Anderson has adopted the "low-income" limits as guidelines for its housing programs.

**\*\*\*The HOME Income limits change annually. Please contact the City of Anderson Community Development Department to obtain the most current income guidelines, 765.648.6096 or [lkelly@cityofanderson.com](mailto:lkelly@cityofanderson.com).**

<https://www.hudexchange.info/programs/home/home-income-limits/>