



FY2020

Community Development Block Grant COVID-19 Response

Small Business Stabilization Forgivable Loan Program Application

APPLICATIONS WILL BE ACCEPTED:

- By U.S. **Mail Only** beginning August 31, 2020 and ending at 4:00 pm local time on September 21, 2020 at 4:00 pm Local time
- Questions will be taken ONLY via email : candrews@clevelandtn.gov beginning August 31th through September 7, 2020 . Cut-off date for questions will be September 7, 2020 at 4:00 pm local time.
- ALL INFORMATION AND DOCUMENTS WILL BE KEPT CONFIDENTIAL

APPLICATIONS SHOULD BE SUBMITTED BY MAIL TO:

City of Cleveland
CDBG Program Office
PO Box 1519
Cleveland, TN 37364-1519

US MAIL ONLY:

- Mail 1 original and 1 copy
- Applications received after September 21, 2020 will not be reviewed.
 - Postmarked no later than September 18, 2020 to ensure application is received prior to the deadline.

Program Overview

City of Cleveland will utilize CDBG funds from the COVID-19 allocation through the CARES Act to launch the Small Business Stabilization Forgivable (SBSF) Loan Program to provide short-term loan relief to businesses within the limits of the CDBG Target Area and Low to Moderate income area (see map on the City of Cleveland's website) that have seen and are seeing a reduction in revenue because of COVID-19. The City of Cleveland recognizes the need to support small businesses that are struggling to access capital and keep their doors open in response to COVID-19. SBSF loans of up to \$10,000 will be made at zero interest to mitigate losses experienced by small business.

The City of Cleveland's program defines a small business as a business with twenty-five (25) employees or less. **Eligible applicants must demonstrate revenue decreases by 30% or more due to the COVID-19 crisis.**

Requirements

Applications will be accepted by qualified for-profit, privately held small businesses that have been in business since July 1, 2019 or before and located within the CDBG Target area and low to moderate income areas in the limits of the City of Cleveland, Tennessee. All qualified applicants must illustrate the economic injury suffered as a result of COVID-19. The loan is for a period of two (2) years with 50% of the original loan forgiven annually at the anniversary of the origination of the loan. Businesses must remain in good standing throughout the term of the loan in order to receive forgiveness.

Expense that are eligible cost with funds include: payroll cost, lease or rent , mortgage payment on establishment, utilities, supplies and materials, equipment rental. *EQUIPEMENT PURCHASE IS INELIGIBLE*

Eligible Applicants:

- **Applicant must be located in the designated areas . Applicants must determine for themselves if their business is located in the approved area. (see map on City of Cleveland website)**
- For-Profit Businesses with 25 or less employees at the time of loan submission; (includes part-time and full-time employees)
- For-Profit Businesses with a City of Cleveland business license;
- For-Profit Businesses with a physical establishment within the CDBG Target Area , or Low to Moderate Income Blocks (See Map);
- For-Profit Businesses with documented or exhibited losses due to COVID-19; and
- Must be in business July 1, 2019 or before;
- Applicants must agree to rehire or retain low/mod jobs and provide a job summary and verification report after SBSF loan funds have been exhausted, the report must indicate how the loan funds were spent and include supporting documentation (i.e. payroll records, rent, etc.) and job retention data. Failure to submit these reports will result in borrower having to pay the loan back in full and forgiveness revoked.
- Applicants cannot be delinquent on taxes to Federal, State of Tennessee or local government prior to COVID-19 pandemic.
- Applicants must not be in default of any grant, loan agreements, leases, or financing agreements with creditors prior to COVID-19 pandemic.
- Minimum loan \$7,500 request --Maximum loan request \$10,000.

Restrictions

Ineligible Applicants:

- Businesses Exclusively Residential
- Franchises
- Hotels or Motels
- Liquor Stores
- National/Regional Chain Businesses
- Financial/Lending Institutions
- Private Membership or Fraternal Organizations/Businesses
- Adult Oriented Businesses;
- Businesses owned in part or fully by City of Cleveland staff, administration, or city council
- One application per business owner

CDBG QUALIFYING CRITERIA

The criteria for how a CDBG activities benefit low and moderate income (L/M) persons are categorized as follows:

1. **Businesses must be located in low to moderate -income areas or CDBG Target area within the City of Cleveland as shown on map on the City' Website.**

2. **Low Mod Job Retention Activities (LMJ):**

To meet the national objective required by the CDBG program, 51% of jobs retained, rehired or created must be held by individuals that are of low to moderate income. (see income limits for Cleveland on separate page) See required forms for tracking jobs on separate page to be submitted by loan recipient after award of funds). *Guidance will be provided to loan recipient by the CDBG office as it relates to required reports after the loan award.*

Jobs retained, rehired or created during and after COVID -19 will be considered to meet the job requirement. The recipient of loan funds will be required to track the number of jobs committed in the application package and will be required to meet that number within 18 months of closing of loan.

SUBMITTAL INSTRUCTIONS

Please submit **one (1) original application with attachments and one (1) application copy with attachments** to the **City of Cleveland CDBG Program Office. Please label all attachments.**

Attachments: Please prepare the following required documents. Incomplete applications will not be accepted.

- Copy of City of Cleveland Business License
- 2019 Income & Expense Statement Showing Monthly or Quarterly Sales and Balance Sheet
- 2020 Income & Expense Statement Showing Monthly and Year-To-Date Sales and Balance Sheet
- Personal financial statement for owner(s)
- Payroll documentation pre & post COVID
 - Last full payroll before COVID required shutdown or slowdown
 - Payroll as of June 30, 2020
- Copy of credit report (Credit Karma, Experian, TransUnion, etc.)
- Copy of picture ID

If you use an accrual accounting system, on a separate sheet, please subtract any revenue that has not been received on as to date. A list of accounts receivable must be provided.

All submitted materials will be used in determining the organization's eligibility for funding.

Pre-Application Section

Business Name: _____

Amount Requested: _____

1. Where is the physical address of your business? Business must be in the approved area City of Cleveland.

2. How long has your business been open?

Your business must have been in business July 1, 2019 or before to be eligible.

_____ Year(s) Date established _____

3. Are you currently a party to any lawsuit or pending lawsuits with the City of Cleveland?

If yes then you are not eligible for the program.

YES _____ NO _____

4. Are you currently in bankruptcy?

If yes then you are not eligible for the program.

YES _____ NO _____

5. Is your business owned in part or fully by City of Cleveland staff, administration, or leadership?

YES _____ NO _____

6. If your business is owned in part or fully by City of Cleveland staff, administration, or leadership what is the relationship? If you answered "No" in the previous question answer this question as non-applicable (N/A).

7. What type of business do you own?

8. Has the owner(s) ever been convicted of a felony and/or is presently subject to indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction?

YES _____ NO _____

If yes, please explain:

APPLICATION FORM

I. BUSINESS INFORMATION				
Business Name:				
Name of Owner:				
Mailing Address:				
Telephone Number:		Email:		
Contact Person:		Title:		
Date Business Opened:		Tax ID #:		
Form of Ownership:	<input type="checkbox"/> Sole Proprietor <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> LLC			
II. OWNER INFORMATION 1 (with at least 20% or more business ownership) Include the following information in the exact order listed. First Name, MI, and Last Name; % Ownership; Title; #of years with the business; Street Address; City; State; Zip Code				
OWNER INFORMATION 2 (with at least 20% or more business ownership) Include the following information in the exact order listed. First Name, MI, and Last Name; % Ownership; Title; #of years with the business; Street Address; City; State; Zip Code				
OWNER INFORMATION 3 (with at least 20% or more business ownership) Include the following information in the exact order listed. First Name, MI, and Last Name; % Ownership; Title; #of years with the business; Street Address; City; State; Zip Code				
6. Is 51% or more of your business owned by individuals in any of the following categories (this information will be used for reporting purposes only): Check ALL that apply				
<input type="checkbox"/> Minority	<input type="checkbox"/> Woman	<input type="checkbox"/> Veteran	<input type="checkbox"/> Disabled	<input type="checkbox"/> N/A

7. Do you currently have access to any available lines of credit or capital available through other public or private sources?

YES NO

8. What type of business insurance does your business currently have?

9. Is your business currently operating?

Yes, Normal Business Hours Yes, but with shortened hours No

10. How many people did your business employ prior to COVID-19? Please indicate the number of both FT and PT positions.

_____ Full Time Positions

_____ Part Time Positions

11. How many people does your business currently employ after COVID-19? Please indicate the number of both FT and PT positions.

_____ Full Time Positions

_____ Part Time Positions

12. Please provide a brief explanation of the adverse economic impact of COVID-19 on the operations of your business?

(You may attach an addition sheet if needed)

13. What was your average weekly and monthly revenue prior to COVID-19?

_____ Weekly

_____ Monthly

14. What is your average weekly and monthly revenue now?

_____ Weekly

_____ Monthly

15. How will this loan help sustain your business?

16. Is this loan assistance necessary to retain or rehire employees?

YES

NO

17. If you answered yes to the question above - how many employees will be impacted?

_____ Full Time Positions

_____ Part Time Positions

18. Have you recently applied for other private loan programs or public loan programs for this business in response to COVID-19?

YES

NO

If yes, please list the programs: _____

19. Please indicate the amount of payroll expenses that will be paid with the funds from the SBSF loan fund?

Line Items	Amount of Funds
1. Payroll wages	\$
2. Payroll taxes & benefits	\$
<u>GRAND TOTAL</u>	\$

CONFLICT OF INTEREST ACKNOWLEDGEMENT

Do any family relationships (by blood or marriage) exist between owners/officers/staff in your organization and/or Cleveland City Council?
Yes No
If yes, please explain in detail and document the staff person's involvement with these grant funds in the section below.

ACKNOWLEDGED RESPONSIBILITY TO ABIDE BY ALL HUD AND CITY OF CLEVELAND REQUIREMENTS

The applicant agrees to abide by all policies, regulations, ordinances, or statutes as required by the City of Cleveland.
Yes No

CERTIFICATION

I certify that the applicant meets the conditions specified in the application instructions and will be able to carry out the proposed services in concert with all federal requirements. I agree to adhere to the above provisions for all programs receiving assistance from the US Department of Housing & Urban Development. All board and staff members have disclosed any potential conflicts of interests that could violate CDBG Program regulations at this time or at a later date. I further certify that I have reviewed the contents of this application and the rating form and deem them to be accurate and true.

Authorized Representative

Signature **Date**

Printed Name **Title**