

Pike County

Community Development Block Grant

Small Business Forgivable Loan Application and Guidelines

June 9, 2020

Pike County
Small Business Loan Program
Application Guidelines
June 9, 2020

Purpose of Funding

Pike County receives Community Development Block Grant (CDBG) funding through the Pennsylvania Department of Community and Economic Development. The CDBG program is authorized under Title 1 of the Housing and Community Development Act of 1974, Public Law 93-383, as amended 42 U.S.C.-530.1 et seq.

The program has three objectives:

- 1) benefit to low- and moderate- income (LMI) persons;
- 2) aid in the prevention or elimination of slums or blight; and
- 3) meet a need having a particular urgency.

At least 70% of funds must be used to benefit low- to moderate-income individuals. The Small Business Loan Program benefits low- to moderate-income individuals by retaining or creating jobs.

Eligible Applicants

Eligible businesses must meet all of the following criteria:

- Has been located in Pike County for a minimum of 12 months
- Has filed at least one tax return
- Has at least one full-time employee
- Has 100 or fewer employees worldwide
- Has annual revenue of \$1,000,000 or less
- Is deemed to be a viable business based on evaluation of information submitted with the application
- Has experienced disruption as the result of COVID-19
- Is up-to-date on local, state, and federal taxes or is on a payment plan

The following businesses are not eligible for this loan:

- Nonprofit organizations
- Real estate developers
- Businesses providing assistance in the form of lobbying or other political activities
- Private or commercial golf courses
- Country clubs
- Massage parlors
- Hot tub facilities
- Suntan facilities
- Racetracks or other facilities used for gambling

Businesses that received PPP loans or other assistance may qualify for this loan program; however, proceeds from this loan may not be used for expenses covered by that or any other federal or state program.

Funding Available

Pike County anticipates having approximately \$526,092 available for the Small Business Loan Program. Funding will be distributed beginning in August 2020.

Loan Terms

Funding will be made available in the form of a forgivable loan. For the loan to be forgiven, the business must retain or create at least one full-time equivalent (FTE) job for a low- to moderate-income individual by March 31, 2021 and maintain this FTE job for a minimum of 12 months thereafter.

Borrowers will not be required to make payments on the loan. Loans will be due within 30 days if these provisions are not met.

A retained job is a position in which there is sufficient information documenting that the job would have been lost without this assistance. Applicants must document that one or both of the following applies to the created or retained jobs: 1) the job is held by a LMI person; or 2) the job can reasonably be expected to turn over within the following two years and steps will be taken to ensure that the job will be filled by, or made available to, a LMI person.

A created job is a position made available through expansion of the business. Businesses must have documentation indicating that the job created will be held by, or made available to, LMI persons.

FTE is based on a 40-hour work week. This goal can be achieved with one person working 40 hours per week, two persons working part time 20 hours per week, four persons working 10 hours per week, etc.

There are no fees or interest associated with this loan.

The maximum loan amount is \$20,000.

Eligible Use of Funds

Funds may be used for the following purposes:

- Payroll
- Rent/mortgage
- Utilities
- Supplies
- Equipment

- Insurance
- Accounting
- Legal
- Advertising

Construction is not an eligible use for this program.

Funds may not be used to reimburse for expenses incurred before a Notice to Proceed is received from the County.

Application Timeline

Applications will be reviewed on a rolling basis. Funds will be distributed to qualified applicants on a first-come, first-served basis.

Evaluation of Applications

To be considered for funding, projects must meet all program requirements described at 24 CFR Part 570. In addition, Pike County must determine that the applicant is a viable business and has the capacity to undertake and complete the project in an effective and timely manner. Underwriting will be performed by an independent firm using criteria established by the County and Pennsylvania Department of Community and Economic Development in accordance with Community Development Block Grant guidelines.

Incomplete applications will not be considered.

Definition of Low- to Moderate-Income

The U.S. Department of Housing and Urban Development defines low- to moderate-income as those households with income up to and including the following amounts:

Family Size	2020 Income Limit
1	\$44,350
2	50,650
3	57,000
4	63,300
5	68,400
6	73,450
7	78,500

8	83,600
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LMI is based on current income, not the salary of the created job, based on self-certification of income and household size. To comply with CDBG's low- to moderate-income objective, the employee must meet the definition of a low- and moderate-income person/household; OR the Borrower may use Presumed Benefit IF the job holder resides in:

1. Census Tract (CT) with 20% poverty and general distress; or
2. CT with 30% poverty, central business district, and general distress; or
3. Federally designated Empowerment Zones (EZ) or Enterprise Communities (EC); or
4. CT or Block Group (BG) with 70% LMI

OR business AND job located in:

1. CT with 20% poverty and general distress; or
2. CT with 30% poverty, central business district, and general distress; or
3. Federally designated Empowerment Zones (EZ) or Enterprise Communities (EC).

Other Requirements

In addition to providing documentation of expenses and business viability, borrowers will be required to provide documentation about jobs created or retained which includes the following information:

- Job title
- FTE status
- Household size
- Income of each LMI person
- Job retention period
- Employee number
- Employee name
- Job title
- EDA job category
- Hire date
- Pay rate
- Termination date
- Disabled
- Race
- Hispanic (Yes/No)
- Gender
- Total hours worked for reporting period
- FTE Equivalent if part time
- Does employer have sponsored health care benefits

**Pike County
Small Business Loan Program
Application Form**

Submit the application form and all required attachments to:

Robert Ruiz
Executive Director, Human Development
Pike County
506 Broad Street
Milford, PA 18337

In addition, submit one copy of the application via email to: r Ruiz@pikepa.org and j dreistadt@hailstoneeconomic.com.

Pike County Small Business Forgivable Loan Application

Today's Date			
Applicant Information			
Name			
Address			
City, State, Zip			
Phone Number - Home			
Phone Number - Cell			
Phone Number - Work			
Email Address			
Social Security Number			
Date of Birth			
Co-Applicant Information (if applicable)			
Name			
Address			
City, State, Zip			
Phone Number - Home			
Phone Number - Cell			
Phone Number - Work			
Email Address			
Social Security Number			
Date of Birth			
Business Information			
Business Name			
Address			
City, State, Zip			
Website			
Phone Number			
Year Business Started			
Form of Business (circle one)		Sole Proprietorship Corporation	Partnership Other: LLC
Number of FTE Employees			
Annual Revenue			
EIN			
Owners	Name	% Interest	
Loan Amount Requested			

Personal Financial Statement

Provide a completed personal financial statement for each applicant.

Income

List all sources of income in the chart below. Attach documentation to verify each source of income to this application.

Type	Source	Annual Amount

Expenses

List all annual expenses in the chart below.

Housing	
Debt service	
Real estate taxes	
Income taxes	
Other	

Total Income:	
Total Expenses:	
Annual Savings:	

Assets

List all personal assets including real estate, securities, insurance, automobiles, etc. in the chart below.

Asset	Estimated Value

Liabilities

List all liabilities including mortgage, loans, credit cards, and unpaid taxes.

Type	Creditor	Amount Owed

Total Assets:	
Total Liabilities:	
Net Worth:	

Business Interests

List all of your business interests in the chart below.

Name of Business	Percent Owned	Total Business Assets	Title/Position

Personal and Business Certifications

Have you or the business firm filed for bankruptcy in the past ten years? Yes No

If yes, describe (year, chapter, circumstances that led to the bankruptcy):

Are you currently involved in any litigation? Yes No

If yes, describe:

Is your firm presently subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction? Yes No

If yes, describe:

Are there any outstanding judgments entered against your firm? Yes No

If yes, describe:

Are there any federal, state, or local tax liens filed against your firm? Yes No

If yes, describe:

Are you and your firm current with all federal, state, or local taxes? Yes No

If no, explain:

Is your business 50% or more minority-owned? Yes No

Is the business 50% or more woman-owned? Yes No

Is the business considered a Section 3 business concern? Yes No

Initial here to attest that these certifications are true and accurate _____

**Pike County
Small Business Loan Program
Signature Page**

By signing this form, the undersigned acknowledges and certifies that they:

___ have read this application and its guidelines in their entirety;

___ will not use CDBG funds to supplant other funds;

___ will comply with all applicable laws and regulations, including but not limited to CDBG regulations, the Civil Rights Acts, the Fair Housing Act, and the Americans with Disabilities Act;

___ are in compliance with 24 CFR Part 5 and 24 CFR Part 570.609, use of debarred, suspended or ineligible contractors or subrecipients; and

___ meet all eligibility requirements described in the program guidelines.

CERTIFICATION

I hereby certify that the information contained in this application and all attachments is true and correct to the best of my knowledge. I authorize Pike County to check and verify all information provided as well as the applicants' and the business' credit. I agree to notify Pike County if there is a material change in any information provided.

Applicant Signature _____

Name (print or type) _____

Title _____

Date _____

Co-Applicant Signature _____

Name (print or type) _____

Title _____

Date _____

**Pike County
Small Business Loan Program
Required Attachments**

Attach the following to the completed application form:

1. A narrative which includes the following information:
 - a. description of the business, products and services offered, and market(s) served
 - b. amount of the loan request
 - c. a brief description of how the business experienced disruption due to the Coronavirus crisis
 - d. a brief description indicating that without this assistance jobs will be lost
 - e. An itemized list and budget justification describing how the funds will be used to finance the business operations
2. Articles of organization/incorporation or related business incorporation documents
3. Business's most recent filed tax return with Tax Identification Number (TIN), including IRS tax form 4506-T and a signed W-9 form for any individual or entity serving as a borrower or co-borrower
4. The most recent year-end prepared financial statements which may include, but are not limited to:
 - a. Income statement
 - b. Debt schedule outlining all existing debts of the operating entity (this form is not required if accountant prepared financials are provided and include a detailed debt schedule) that includes the following information:
 - i. Creditor
 - ii. Original loan amount
 - iii. Current loan balance
 - iv. Monthly payment amount
 - v. Interest rate
 - vi. Maturity date
 - vii. Last payment date
 - c. Cash flow analysis statement demonstrating the debt service coverage ratio for the loan request
5. List of employees (indicate if/how many employees have been furloughed due to COVID-19) and most recent pay stubs
6. Documentation to demonstrate the business is not debarred from participating in [federally-funded contracts](#) or [state-funded contracts](#)
7. Explain if any funding will be used to purchase goods or services from minority- and/or woman-owned businesses
8. Documentation of general liability insurance and workers' compensation
9. Signature page

Additional information may be requested prior to approving your loan application or at settlement.