



Community Development Program of Beaver County, PA

Microenterprise/Small Business Stabilization Loan Program

in Response to COVID-19

Purpose

The Community Development Program of Beaver County will invest up to \$1 million through its Community Development Block Grant (CDBG-CV) program funded by the United States Department of Housing and Urban Development (HUD) to support qualifying businesses located in Beaver County that have been impacted by the COVID-19 Pandemic.

Funding will be available on a first come, first serve basis.

Funding Regulations

The use of CDBG-CV grant funding is governed by Federal Regulations (24 CFR Part 570) and HUD guidance provided for CDBG-CV funds, which require that funds must primarily benefit individuals with low-to-moderate income (LMI), with a specific focus on the creation or retention of jobs set-aside for or made available to low to moderate income persons.

Funding is intended to be gap financing and cannot be used for expenses that have been, or will be, reimbursed by other local, state, or federal funding sources. For example, if your business plans to utilize/has utilized the Payroll Protection Program (PPP) to cover payroll and rent expenses, those particular expenses cannot be applied to this program unless the business can demonstrate that available funding through the PPP or other CARES Act funded programs has been fully expended and is insufficient to meet the need.

This requirement is met through the following ways:

Microenterprise:

A “microenterprise” is a commercial enterprise that has five or fewer employees.

- 1) The business owner receiving the CDBG-CV grant funding qualifies as an LMI person **and** the business has five or fewer employees (including the owner).
- 2) LMI qualifications are based on family/household size and income and can be determined in the application process.

Small Business Development:

A “small business” is a business that is independently owned and operated and which is not dominant in its field of operation and in conformity with specific industry criteria defined by the Small Business Administration (SBA).

- 1) If the business retains current employees, the business must certify that the jobs being retained with CDBG-CV grant funding would be lost without assistance from the loan programs **and**;
- 2) that 51% or more of the employees being retained qualify as LMI persons.

*See pages 4-6**

Forgivable Loan Amount

Businesses meeting all of the requirements detailed in this document shall be considered eligible for a 0%, 1-year forgivable loan not-to-exceed \$25,000. Proceeds from the loans may be used to cover the day-to-day operating expenses of the business such as payroll, rent, utilities, loan payments, or other capacity building/business enhancement measures to mitigate the impact of COVID-19 on the business.

If your business is approved for a loan and continues to operate for 12 months, your loan will be forgiven.

General Eligibility Requirements

In addition to the above CDBG regulation requirements, businesses meeting ALL of the following criteria shall qualify for loan award consideration.

The microenterprise or small business must:

- 1) Be located in Beaver County
- 2) Have experienced a loss of income due to COVID-19, including how they were impacted:
 - Directly impacted by new public health requirements (i.e. social distancing)
 - Business was considered “non-essential”
- 3) Provide a 2019 & 2020 tax return **or** provide proof of being in business prior to mid-February 2020 (i.e. business registration documents, bank statements, etc.) and proof of loss of revenue

Eligible Business Structures

- 1) Sole Proprietorship
- 2) Partnership
- 3) Corporation
- 4) S Corporation
- 5) Limited Liability Company (LLC)
- 6) Self-employed
- 7) Independent Contractor

Non-Eligible Businesses

- 1) Nonprofit organization/businesses;
- 2) Businesses that involve the sale of medical or recreational cannabis;
- 3) Private club or business that limits membership for reasons other than capacity;
- 4) Businesses with at least 33% of its gross annual revenues from legal gambling activities;
- 5) Businesses engaged in production or wholesale selling of tobacco products, vaping, liquor or sexually explicit materials;
- 6) Pawnshop, liquor store, adult bookstore, non-therapeutic massage parlor, strip club or nightclub;
- 7) A business in which a majority owner or member of the immediate family is an elected official of Beaver County;
- 8) Businesses restricted to patrons above the age of 18;
- 9) Businesses deemed ineligible by the US Department of Housing and Urban Development (HUD) or Beaver County.

Application to Other Federal Programs Requirement

Businesses **must** have completed an application for one or more county, state, or federal programs to enhance cash flow availability, including programs such as: the Payroll Protection Program (PPP), Treasury CARES program, or the Small Business Administration's Economic Disaster Injury Grant and Loan Program.

Businesses must have been denied or expended any CARES Act funding and still show a need for assistance to be eligible for this program.

CDBG funding must be used a last resort. If you have an open application for any other county, state, or federal funding, you must disclose what you have applied for. You cannot apply for funding to use for the same costs that you have previously received funding for.

Other Miscellaneous Requirements:

- 1) Individuals whose self-employment income is substantially reported (51% or more) through IRS Form 1099-MISC are not eligible due to an inability to qualify under CDBG regulations.
- 2) Must have been in operation on or before February 2020, and must be currently in compliance with any state or local regulations or requirements
- 3) Eligible businesses can include essential and non-essential businesses so long as the business is continuing to pay employees or is willing to certify that previously furloughed/terminated employees will be rehired with the proceeds of this forgivable loan or other supplemental federal CARES Act funding
- 4) Multiple applications/applicants cannot simultaneously compete for funding for the same property parcel or address.
- 5) Funding will be provided to business entities only. Acknowledgement of the business having a business bank account and employer identification number (EIN) will be required.
- 6) Business owners must provide their DUNS Number.
- 7) Must participate in CV technical assistance program throughout the term of the loan program.

Microenterprise Requirements

National Objective:

Low/Mod Limited Clientele, Microenterprise (24 CFR Part 570.208(2)(iii))

In addition to the above General Eligibility Requirements, the following criteria must be met in order for businesses to qualify for a Microenterprise Stabilization Loan.

Low/Moderate Income Requirement:

Business owners must meet the income requirements established by Federal funding eligibility guidelines and have a household income meeting HUD's criterion for low-moderate income (less than or equal to 80% of the Area Median Income).

Documentation to prove income will be required. Households with incomes exceeding the limits below will be disqualified.

2021 Average Median Income – Beaver County, PA – effective 6-1-21						
Household Size						
Income Limits	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
80% AMI	\$47,500	\$54,300	\$61,100	\$67,850	\$73,300	\$78,750

Microenterprise Status Requirement:

Businesses have to **employ five people or fewer, including the owner**. Businesses that employ more than five employees are considered a Small Business (see next page).

Documentation Requirement:

1. Signed Certification Page
2. CARES Act Self-certification form
3. Copy of Driver's License(s), Passport, or State Issued Identification
4. Copy of Lease or Mortgage Statement (if using funds for this purpose)
5. Payroll Documentation (if using funds for this purpose)
6. 2020 Tax Return (if filed), 2019 Tax Return for the business
7. 2020 Tax Return (if filed), 2019 Tax Return personal tax return
8. EIN
9. Dun & Bradstreet Number
10. 3 Most Recent Bank Statements
11. Completed W9
12. 5-Month cash-flow projections

Small Business Requirements

National Objective:

Low/Mod Job Creation and Retention (24 CFR Part 570.208(4))

In addition to the above General Eligibility Requirements, the following criteria must be met in order for businesses to qualify for a Small Business Stabilization Loan.

Low/Moderate Income Job Retention Requirement:

Business must retain current employees, must certify that the jobs being retained with CDBG grant funding would be lost without assistance and that 51% or more of the employees being retained qualify as an LMI person.

2021 Average Median Income – Beaver County, PA – effective 6-1-21						
Household Size						
Income Limits	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
80% AMI	\$47,500	\$54,300	\$61,100	\$67,850	\$73,300	\$78,750

Status Requirement:

Businesses have to employ **no more than 50 persons, including the owner**. Businesses that employ more than fifty employees do not qualify for this program. Business that employ 5 employees or fewer are considered a Microenterprise (see previous page).

Documentation Requirement:

1. Signed Certification Page
2. CARES Act Self-certification form
3. Copy of Driver's License(s)
4. Copy of Lease or Mortgage Statement – if using funds for this purpose
5. Payroll Documentation - if using funds for this purpose
6. 2020 Tax Return if Filed, otherwise 2019 tax return for the business
7. 2020 Profit/Loss Statement if complete, otherwise 2019 Profit/Loss Statement
8. Declaration of Retained Jobs
9. Completed W-9
10. 3 Most Recent Bank Statements
11. 5-Month cash-flow projections

Selection & Disbursement Process

1. Businesses can apply via the online application portal link above or by paper application at the Community Development Program of Beaver County office.
 - a. Applicants will be required to submit evidence, testimony or documentation supporting their case regarding the impact of COVID-19 on their business.
2. During the application process, businesses will be asked to provide personal information including name, address, phone number, family size, job type/employee income, gender, and ethnicity of owners and employees to satisfy federal CDBG reporting requirements.
3. Recommended loan recipients will be required to enter into a loan agreement with the County.
4. Once a loan agreement is approved, the loan recipient will be required to submit documentation regarding its use of funds to the County to receive loan proceeds.
 - a. This includes invoices, mortgage/rent statements, utility expenses, payroll registers, and cancelled checks.
 - b. Distribution amounts will vary on a case-by-case basis depending on the type and amount of expense.
5. Loan is contingent upon county underwriting consistent with CDBG-CV requirements.
6. This loan is not intended for retroactive reimbursement. Costs paid before the date of the loan award are not reimbursable under this loan program.
 - a. In example, if you already paid for an expense that was caused by COVID-19, that expense is not eligible to be reimbursed to you through the program.
 - b. Outstanding or overdue accounts, caused by COVID-19, that have not been paid are an eligible expense.
7. Businesses will be required to provide quarterly reports regarding jobs retained or created for the term of the loan, per HUD requirements.
8. Businesses will be required to enter a CDBG-CV sub-recipient agreement upon approval for the forgivable loan program.