

Guidelines

For

Business Assistance Loan Program

Operated By

City of Fort Bragg

With

Community Development Block Grant
(CDBG) Funding

Adopted: _____, 2017

California Department of Housing and Community
Development Updated: June 2015

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List of Attachments with Support Documents

ATTACHMENT A: Grantee's Executed Resolution Adopting Guidelines

ATTACHMENT B: Sample Business Assistance Loan Application

ATTACHMENT C: Lender Required Forms:

- 1) Jobs Tracking Form
- 2) Self Certification of Income Form
- 3) Loan Disbursement Schedule
- 4) Certification of No Conflict of Interest
- 5) Certification of No Job Pirating
- 6) Certification of Federal Regulatory Compliance.

ATTACHMENT D: Lender Adopted Business Loan Servicing Policies

ATTACHMENT E: CDBG Business Assistance Loan Certification Form

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) BUSINESS ASSISTANCE (BA) LOAN PROGRAM GUIDELINES

1.0 INTRODUCTION

The City of Fort Bragg, here after called “Lender”, has established a Business Assistance Loan Program, here after called “the Program”. The Program is designed to use public tax payer dollars to stimulate economic growth and improve living conditions of low / moderate income residents in Lender’s community. The Program provides low cost loans to eligible for-profit businesses. In return, businesses are required to provide documentation of public benefit (normally creating new job positions) and meeting a national objective (normally filling most of the new job positions with persons qualified as low -moderate income and living in the jurisdiction). These Program Guidelines describe policies and procedures required for award of loan funds to eligible borrowers. The Guidelines have been adopted via resolution by the Lender and conform to guidelines established by the California Department of Housing and Community Development, here after called “Department”.

2.0 BUSINESS ASSISTANCE PROGRAM OVERVIEW

2.1 PROGRAM ADMINISTRATOR AND PROGRAM OPERATOR

The Lender provides administrative services for the Program and is the liaison between the Program Operator and the loan applicant. These services are provided by Community Development Department staff. Current contact information is as follows:

Staff contact name: Jennifer Owen
Agency: City of Fort Bragg
Address: 416 N. Franklin Street, Fort Bragg, CA 95437
Phone Number: (707) 961-2827
Email Address: jowen@fortbragg.com

In addition, Lender has secured the services of a qualified Program Operator here after called “Program Operator”. The Program Operator will be charged with originating business assistance loans and documenting compliance with CDBG regulations and these Program Guidelines. Current contact information for the Program Operator is:

Name: Jeff Lucas, Principal
Agency: Community Development Services
Address: 3895 Main Street, Kelseyville, CA 95451
Phone Number: (707) 279-1540
E: Mail Address: jefflucas@mchsi.com

2.2 PROGRAM SERVICE AREA

Financing under this Program is available to all eligible businesses physically located within the jurisdictional limits of the Lender. These funds may not be used in jurisdictions that receive CDBG funds from the federal Department of Housing and Urban Development

(HUD) entitlement program. This Program is subject to CDBG service area requirement of substantially benefiting residents in the service area.

2.3 SOURCE OF PROGRAM FUNDS

The Program is capitalized with CDBG federal funds provided by the federal Department of Housing and Urban Development (HUD) to the Department, who in turn provides the CDBG funds to the Lender. As such, CDBG funds are federal money administered by the Department, so both federal and state laws and regulatory requirements must be followed.

CDBG funds come to the Lender from two sources: 1) active grant contract agreement between the Department and Lender originating from the Department's competitive application process; and 2) CDBG program income administered under a Program Income (PI) Reuse Agreement between Department and Lender.

3.0 CDBG PROGRAM REQUIREMENTS

3.1 ELIGIBLE LOAN APPLICANTS

CDBG funds under this Program can only be expended on the eligible activity authorized under Title I of the Housing and Community Development Act of 1974 (hereafter called "Act"), section 105(a)(17): special economic development providing direct financial assistance to private for-profit businesses.

An eligible applicant is:

- an existing business legally operating, with any required local business license, insurance, permits per local, state and federal requirements;
- an applicant with a non-operating start-up business may not have all required licenses or insurance, so these items will be made a condition of loan closing;
- a person or persons wishing to buy an existing business;
- a business leasing tenant space or owner occupied business in the service area.

The loan applicant must provide documentation that the proposed project will meet CDBG eligibility criteria of national objective and public benefit per Sections 3.4 and 3.5. The loan applicant must provide documentation of meeting standard commercial underwriting criteria outlined in Section 6 of these guidelines as well as HUD CDBG mandated six underwriting standards described in Section 3.6. An eligible loan applicant must document compliance with all CDBG regulations listed in Section 3.7.

Specific ineligible loan applicants include:

- a business with an existing CDBG Business Assistance loan that has not been closed-out with the Department;
- a business operating a private "exclusive" recreational facility;
- non-profit businesses are not eligible under this program;
- a businesses or person(s) with unresolved state / federal tax liens;

- a business or person in bankruptcy process is not eligible until bankruptcy process is complete.

3.2 ELIGIBLE PROJECT COSTS

CDBG funds are non-discretionary and restricted to certain eligible costs. These eligible costs cover most costs associated with successful Business Assistance projects.

Specifically, CDBG BA activity eligible costs are:

- operating capital and inventory;
- furniture fixtures and equipment (FF&E), with or without installation costs;
- project site improvements, new construction or rehabilitation of leased space or owned building;
- engineering and architectural plans and required permits or fees;
- purchase of manufacturing equipment (with or without installation costs);
- refinancing of existing business debt when done in conjunction with restructuring of other existing private financing debt(s);
- purchase of real property, when it provides positive cash flow for new jobs;
- relocation grants for persons displaced due to funding of the project;
- purchase of an existing business, including documented value of good will.

These eligible costs must be connected to the business's ability to meet an eligible CDBG national objective per section 3.4 of these guidelines. Lender will only use CDBG loan funds to reimburse borrower for actual eligible / approved project costs.

3.3 INELIGIBLE PROJECT COSTS

CDBG funds are non-discretionary, limited to certain eligible costs described in Section 3.2 above, and there are also a number of ineligible costs. Some ineligible costs are:

- costs incurred prior to submittal of BA loan application and environmental review completion;
- costs associated with residential housing development, i.e. on mixed use project;
- costs associated with supporting "other" businesses the applicant owns;
- costs on a funded project NOT meeting a national objective;
- personal expenses such as cars, home repairs, not directly associated with the business;
- costs of paying off credit cards (personal or business);
- costs of paying off any personal debt not directly associated with business;
- providing CDBG loan as a revolving line of credit (LOC) is not eligible;
- cash payments of any kind made directly to the assisted business owner(s) (wages or draws) from loan proceeds;
- costs associated with a funded project when the owner(s) or business is found to be on federal debarred list;
- public infrastructure in support of the business;
- research and development costs for future production (speculative).

Once approved, loan funds cannot be shifted from one approved type of cost to another without formal written approval of Lender. If there is a substantial change in the project scope of work or underwriting, then the loan must be re-evaluated and re-approved by Lender, per state and federal regulations, prior to loan closing or disbursement of CDBG funds.

3.4 MEETING NATIONAL OBJECTIVE STANDARDS

All eligible activities funded under this program must meet a CDBG “National Objective” as described in the Act, Section 104(b)(3), and federal regulations 24 CFR Part 570.483. Detail on documenting the meeting of national objective standard for a project is contained in Department’s guidance on BA Activities, Chapter 21 of the CDBG Grant Management Manual (GMM), available at the HCD website. Projects not documented as meeting a national objective are an ineligible activity. Below is a general description of documenting how a BA project meets the national objective of benefit to low - moderate income (LMI) persons. The Lender will use Department-specific guidance for ensuring each eligible project funded is documented as meeting a national objective.

BA projects normally meet a national objective standard when they create jobs and provide over half, that is, at least fifty one percent (51%), of the new job positions to LMI qualified persons. BA projects proposing to provide most of newly created jobs to LMI persons must agree to allow the Lender or Lender’s designated representative, to meet with each job applicant prior to hiring and complete a Department Self Certification of Income Form, see **Attachment C**. After all new hires are made, payrolls must be collected by the Lender and compared to the job applicant Income Certification forms to prove over half of all newly created job positions were provided to low-moderate income persons. This will prove the project’s job creation met the national objective of principally benefiting LMI persons and allow the Lender to close out the project with the Department and HUD. All documentation of national objective for jobs falls under Section 4.5 on confidentiality.

Some BA projects may require CDBG funding to retain jobs. In this case, CDBG loan funds will assist in keeping the business from closing or to avoid terminating some staff. This type of project must document that at the time of application, over half of existing employee positions to be eliminated are held by LMI persons. As such, the business must agree to allow the Lender or their designated representative to interview existing employees and help them complete the Department’s Self Certification of Income Form. The business must also provide financial documentation that if not for CDBG funding, the job positions will be lost and staff laid off. The business must also document that with the investment of CDBG funds, the business will continue operations and jobs can be retained. If approved and funded, the business employees must have Self-Certification of Income completed again, prior to Lender closing out the project. By verifying that, at the time of loan application and after loan disbursements, over half of the retained positions were LMI, then the project will have LMI national objective met and it can be closed out with the Department and HUD. All documentation of national objective for jobs falls under Section 4.5 on confidentiality.

A few BA projects may meet the LMI national objective by documenting that the BA loan applicant provides goods or services to the local community, and the business service area is primarily within the Lender's jurisdiction, and the service area is primarily residential, and the area is primarily occupied by low – moderate income persons. Thus the BA loan applicant must provide documentation of the business's service area. The Lender will use zoning maps to document the business's service area as primarily residential and located within the Program service area. The Lender will confirm the LMI status of the BA loan applicant's service area from American Communities Survey data, in accordance with HUD low - moderate area (LMA) benefit standard. Lender will require business to provide documentation of the goods or services they provide and justify the need for CDBG funds as part of providing goods and services. This documentation must be provided prior to loan approval. After expenditure of CDBG loan funds and documentation that the business continues to provide goods and services, then the project can be closed out with the Department and HUD. LMA national objective standard guidance is provided on Department's BA Activities Grant Management Manual Chapter 21 webpages.

3.5 MEETING PUBLIC BENEFIT STANDARDS

All eligible project activities funded under this program must meet a minimum CDBG "Public Benefit Standard" as described in the Act, section 104(b)(17) and federal regulations; 24 CFR Part 570.483(f)(g). Public Benefit is provided by the BA loan recipient in return for use of subsidized federal funds, and provides a funding limit or "cap". Meeting Public Benefit Standard is very different than meeting National Objective Standard and should not be confused. Lender will use detailed guidance on meeting Public Benefit Standards provided in Department's BA Activities Grant Management Manual Chapter 21 webpages.

For BA projects meeting national objective via jobs provided to LMI persons, the Public Benefit standard is jobs, and the maximum CDBG loan funding available is limited to \$35,000 per job. The Lender will require BA loan applicants to provide an estimate of public benefit generated by investment of CDBG funds into the project via the Job Tracking Form, see **Attachment C**. This proposed level of public benefit will be verified after investment of CDBG funding. The actual level of public benefit (loan funds per job) may be greater than or less than the level proposed at the BA application stage. All public benefit data falls under the confidentiality requirements described in Section 4.5 .

For BA projects meeting LMA national objective, based on benefit (goods or services), the Public Benefit Standard is goods or services to LMI persons. In this case, the maximum CDBG funding available is limited to \$350 per LMI person in the business service area. For this public benefit standard, Lender will document compliance at the BA loan application stage prior to loan approval or closing.

CDBG public benefit requirements of the program will be disclosed by the Lender at the start of the application process. Lender will use financial underwriting to identify the need for BA loan subsidies and determine reasonable public benefit that will be generated from the project, i.e. the number of jobs created from proposed project. Projects with small amounts

of public benefit may be required to bring in other sources of funding because of CDBG funding limits imposed by this standard.

3.6 MEETING SIX UNDERWRITING STANDARDS

In addition to documenting that the project meets CDBG public benefit standard, the project must also be documented as meeting six HUD underwriting standards, per federal regulation 24 CFR Part 570.483(e). These underwriting standards are required to document a minimum “due diligence” of the Lender and ensure projects are financially sound enough to meet public benefit and national objective standards, i.e. create new or retain existing job positions. The six HUD underwriting standards are general, qualitative, and are supported by commercial underwriting standards in Section 6 of these guidelines. See Department BA Activities, Grant Management Manual Chapter 21, webpages for detailed guidance on compliance with each of the six HUD underwriting standards.

The six HUD Underwriting Standards are:

- project costs are documented as reasonable (typically, third party cost estimates);
- all sources of funding for the project are documented with final commitments;
- to the extent practicable, CDBG funds are not substituted for private (non-federal) funds;
- documentation that project is financially feasible (based on cash flow projections to support jobs and debt service, etc.);
- to the extent practicable, the return of the owner’s equity investment is not unreasonable (based on level of equity and proposed CDBG loan terms);
- to the extent practicable, CDBG funds are disbursed on a pro-rata basis with other financing provided for the project.

3.7 MEETING OTHER FEDERAL REGULATORY REQUIREMENTS

Since these CDBG BA loans are from a federal funding source, there are a number of federal laws and requirements which are triggered by their use. The Lender and Administrator will require BA loan applicants to provide project information which allows them to make a determination of required project compliance. BA applicants are required to sign loan disclosures and work with Lender to ensure each project is in compliance with any of the triggered applicable regulations listed below.

National Environmental Policy Act (NEPA): Every project funded under the Program must be reviewed under HUD NEPA regulations 24 CFR Part 58, and the Lender must sign and certify an Environmental Review Record (ERR) for each project prior to approval or disbursement of loan funds. The Lender is required to sign and certify the correct NEPA ERR, per current Environmental Review Requirements Chapter of Department’s Grant Management Manual (GMM), along with any state review under California’s Environmental Quality Act (CEQA).

The ERR level of review is based on the project’s “aggregated” scope of work, which includes all proposed project funding. Any construction or equipment installation proposed will require more review work on the ERR. The ERR will be done early in application

process, as soon as the project is deemed eligible and scope of work is finalized. No costs will be charged to the Borrower for this process. Applicants must sign Department certification form that no “choice limiting action” under NEPA regulations has or will take place. The form is included in **Attachment C**.

Prevailing Wage Compliance: If a project proposes to use CDBG funds to pay costs for any construction, then federal and state labor standards compliance must be documented. Davis-Bacon Act (40 USC 276a - 276a-5) and related laws are “triggered” when any CDBG funding is used to pay for any project construction costs. Lender will follow Department guidance in current Labor Standards Chapter of the GMM for prevailing wage compliance on funded projects.

Due to prevailing wage requirements, additional labor costs will be added to projects proposing to use CDBG to pay for new construction, rehabilitation, or equipment installation. The Administrator and Lender will work with loan applicants to ensure project compliance. The additional time and work required by prevailing wage regulations will be disclosed to the borrower as soon as possible. Any additional costs resulting from this regulation will be incorporated into the CDBG loan approval.

Acquisition and Relocation Laws: All BA applicants proposing to use CDBG funds for purchase of real property must comply with 49 CFR Part 24 Acquisition laws. Lender will provide required Seller Disclosure for execution as part of meeting this requirement.

All BA applicants proposing projects which trigger relocation compliance i.e. result in displacement of persons per Uniform Relocation Act (URA), must work with Lender to ensure compliance with this law. Additional costs associated with relocation compliance will be disclosed to the applicant prior to CDBG loan approval and included in project loan approval.

Required Prohibition of Job Pirating Certification: All BA applicants must sign a Certification of No Job Pirating. Job pirating is prohibited per CDBG federal regulation 24CFR 570.482 (h). Job pirating is defined as using CDBG public funds to facilitate the moving of a business and associated jobs from one jurisdiction to another (business attraction). As such, CDBG federal funds cannot be used to attract / subsidize a business to move from one labor market area to another or keep a business from moving out of a labor market by making a retention argument. Lender will require all applicants to sign a non- job pirating certification form (see **Attachment C**). Any questions regarding possible job pirating will be submitted to the Department for final determination.

Conflict of Interest Certification: BA loan applicants will sign a Certification of No Conflict of Interest. In accordance state and federal regulations, no member of the governing body and no official, employee, or agent of the local government, nor any other person who exercises policy or decision-making responsibilities (including members of the loan committee and officers, employees, and agents of the loan committee, the administrative agent, contractors and similar agencies) in connection with the planning and implementation of the CDBG BA

program shall directly or indirectly be eligible for this program. Lender will require all applicants to sign a non- conflict of interest certification, **Attachment C**. Any questions regarding possible federal conflict of interest will be submitted to the Department for final determination. Any questions about state conflict of interest laws will be referred to Lender's legal council for final determination.

Required DUNS number, federal debarred verification and demographic data: All BA program applicants must obtain a DUNS (Data Universal Numbering System) number if they do not already have one. The DUNS number is free and can be obtained on line. In addition, prior to loan approval, the Lender will document that the business being assisted and all owners and affiliated businesses are verified as NOT on the federal debarred contractors list. HUD also requires that the Department and the Lender collect certain income and demographic data from the business and any beneficiaries of CDBG funds.

Required Benefit to Citizens of the Jurisdiction: Applicant must work with Lender to documentation substantial benefit to residents in the Program service area is obtained. This requirement does not apply to job retention. For projects proposing to document providing goods or services, the service area of the business must be within the jurisdictional limits.

4.0 LOAN PROCESSING AND APPROVAL

4.1 FAIR LENDING COMPLIANCE

The Program will be implemented in ways consistent with the Lender's commitment to fair lending laws. No person or business shall be excluded from participation in, denied the benefit of, or be subjected to discrimination under any program or activity funded in whole or in part with Program funds on the basis of his or her religion or religious affiliation, age, race, color, ancestry, national origin, sex, marital status, familial status (number or ages of children), physical or mental disability, sexual orientation, or other arbitrary cause. All personal information of loan applicants will be kept confidential, per Section 4.4.

4.2 LOAN APPLICATION PROCESSING

Loan applications will be processed on a first come, first served basis. The Program Operator will accept loan applications and review them for initial eligibility per Section 6.1. Applicants that do not meet basic CDBG requirements of the program will be sent a letter of explanation. All BA applications received will be kept on file to document fair lending standards. Applicants that meet basic eligibility requirements will be contacted for a site visit and collection of additional information.

Loan files will be set up as applications are received and compliance information gathered. The business will be required to provide accurate financials for past, current and future projection of the business operations. All owners will have credit checks conducted as part of loan underwriting per Section 6.0. The Program Operator may provide sample financial Excel forms (balance / cash flow sheets, profit and loss, personal financial statements, and proforma) but in no instance will the Program Operator's or Lender's staff generate financial numbers for an applicant. The applicant may be referred to local business support

organizations to assist applicants in producing proper financial statements, developing a business plan, conducting a market study or developing industry accounting practices.

Loan applicants are responsible for providing accurate and timely information to the Program Operator as part of the loan process. Applicants may be required to:

- disclose all business owners with twenty percent or more ownership;
- disclose all other businesses the owners have an ownership interest of twenty percent (20%) or more;
- provide current personal financial statements for each owner;
- disclose sources of collateral and security;
- provide business historic financial information, including year to date;
- disclose sources of cash for any equity investment proposed;
- provide third party documentation of eligible project costs;
- provide market study or document basis of future sales projections;
- provide management capacity documentation for ability to execute;
- provide necessary information to clear federal overlays in Section 3.7.

If the loan applicant does not provide required information and documentation to the Program Operator in a timely fashion, then there will be delays in the loan approval process.

Once the Program Operator has compiled a complete loan file with all the credit, financial, and underwriting information needed to show loan is eligible under these guidelines, then a loan approval memo will be drafted by the Program Operator. The memo will be submitted to Lender for approval. Once approved, the Program Operator and Lender will submit a Project Set-Up report to Department and craft loan documents for signing at closing with the Borrower.

4.3 PROGRAM LOAN APPROVAL PROCESS

Program loans are presented by the Program Operator to Lender's Loan Advisory Committee (LAC) for review and recommendations for approval or rejection. The LAC's recommendations are forwarded to the City of Fort Bragg City Manager for final approval or rejection.

The LAC will include the City of Fort Bragg Finance Director or designee; the City of Fort Bragg Community Development Director or designee, and up to three members of the community to be appointed by Lender staff.

LAC meetings will be scheduled by Lender staff in conjunction with Program Operator once a loan has been underwritten and is ready for review and approval. Committee members may request additional information and or attach contingencies on closing or funding of the loan. If the loan is approved by the City Manager, then the project can move forward with loan closing.

If Lender approval is not obtained, then the BA loan applicant can take dispute resolution actions, per Section 4.5 of these guidelines.

4.4 LOAN APPLICANT CONFIDENTIALITY

Program Operator or Lender or any persons involved in the loan process for this Program will not disclose any of applicant's business or personal confidential information as part of loan review and approval process. All confidential information of businesses will only be disclosed to persons required to view the information as part of loan review and approval. All personal and business confidential information of loan applicants will be kept in a locked secured storage facility and is not available to persons outside of the program. If the Lender or Program Operator or Department receives a formal public records request for a loan applicant file, then only non-confidential information as verified by legal counsel will be provided.

4.5 APPLICANT DISPUTE RESOLUTION/APEALS PROCEDURE

Any business applying for assistance through this CDBG program has the right to appeal, if their application is denied. The appeal must be made in writing to the Program Operator or the Lender. The Lender will schedule a meeting for the appeal to be heard by the City Manager. If the application is denied a second time then the applicant may ask to have their appeal presented to the Lender's governing body for a final decision.

4.6 EXCEPTIONS / SPECIAL CIRCUMSTANCES

Exceptions are defined as any action which would depart from policy and procedures stated in the guidelines. The Lender or Program Operator staff may initiate consideration of an exceptional/special circumstance to the policies in these guidelines as long as it does not violate CDBG federal / state requirements. A written analysis of the exception will be prepared and submitted with loan approval request. This analysis shall contain a narrative, including the Program Operator's recommended course of action and any written or verbal information supplied by the applicant. The loan approval shall be made after review and acceptance of the exceptional/special circumstances request.

4.7 LOAN CLOSING PROCESS

After Lender approval and submittal of BA Loan Certification and Project Set Up Report to Department, the Program Operator and Lender will prepare for the loan closing with Escrow Company. The Program Operator will prepare the loan closing documents, title and lien searches, and UCC-1 filings, if appropriate. Lender legal counsel will review all agreements and documents, as necessary.

The Borrower will sign all the necessary documents and agreements. The Lender will request reimbursement of eligible costs from the Department after Borrower has submitted documentation of eligible expenditures and Lender has paid for those costs.

5.0 DESCRIPTION OF LOANS

5.1 DETERMINATION OF LOAN AMOUNT

The Program has no minimum loan amount. The maximum loan amount is \$300,000.

Actual loan amounts will be based on the business's need for capital to conduct the proposed project's scope of work and meet public benefit standards. Most often the amount of CDBG funding is limited based on "gap" in project financing or ability of business to support new debt or pay for required jobs from business future cash flow projections or by the amount of collateral that the business can provide as security for the CDBG debt. If there are not sufficient CDBG funds for the project, then the Lender or Program Operator may assist in finding other project funding.

5.2 DETERMINATION OF LOAN TERM

The BA loan term is tied directly to what project costs CDBG funds and what security is being pledged for the loan. If a business only wants operating capital then the term of the loan is normally five years. If a business wants to pay for equipment and supplies, then the term of the loan can be extended out to 10 years. If the loan is for real property improvements and can be secured on real property, then the terms can be extended out to 20 or 30 years. A loan amortization term can be longer than the loan term, so an equipment loan may have a term of ten years but an amortization term of fifteen years, which will create a lump sum payment at year ten. Program Operator will confirm that the proper term is given based on the use of the CDBG funds and loan security / collateral being provided.

5.3 DETERMINATION OF LOAN INTEREST RATE

Loan interest rates will start with two percent (2%). This rate will be increased if the investment of CDBG funds at the two percent level causes the business to have an excessive profit or return on investment (ROI). See HUD underwriting standards discussion of undue enrichment on Department's BA Activities GMM Chapter 21 webpage for direction on how the interest rate should be calculated to comply with this standard. By allowing the interest rate to move and not be fixed, the Lender can best tailor the loans under this program to meet the cash flow needs of different businesses in the community and ensure public benefit and national objective standards are met.

5.4 LOAN PROCESSING FEES

The CDBG program provides administration funds to pay for all loan processing and servicing costs. No direct loan fees will be charged to the borrower. Also, there is no pre-payment penalty on the loans under this Program.

6.0 LOAN UNDERWRITING STANDARDS

6.1 INITIAL LOAN EVALUATION

Each project / business will be evaluated based on the how it has performed in the past and on its future financial forecasts. Specifically, the following questions will be asked upon receipt of a loan application:

- Is business an eligible applicant, per Section 3.1?
- Are the proposed project costs eligible, per Section 3.2 & 3.3?
- Will project meet a CDBG national objective, per Section 3.4?
- Will business meet public benefit jobs required in Section 3.5?
- Does project appear to meet the six HUD underwriting standards, per Section 3.6?

- Are federal overlays triggered that will adversely impact project development?
- Are the business and all owners credit worthy?
- Does the business and owner(s) pay bills on time, collect on time?
- Does owner have a detailed “business plan”?
- Does owner have documented market demand for projected sales?
- Does owner have management capacity to operate the business?
- Does owner have financial accounting capacity to operate the business?
- Is the owner contributing a reasonable amount of equity?
- Is the owner able to get conventional bank financing, if not, why not?
- Was the business financially viable in the past (net income covers debt)?
- Are there reasonable financial assumptions for future viability/success?
- Is there enough collateral available to secure the proposed loan?
- Is the owner’s personal financial status stable?

By collecting enough initial application information to answer the above list of questions, the Program Operator will have a good sense of how strong a borrower is, and how successful they will be, if assisted with a CDBG loan. Most of this information is collected on the loan application form and verified verbally at the initial site visit with the owner. By meeting the borrower and asking these questions the Program Operator will know what additional information/documentation needs to be collected to provide a clear picture of how CDBG funds can be used to assist the BA loan applicant. These questions demonstrate the need for CDBG funds and business eligibility.

After the initial review, the Program Operator will collect the proper information required for loan underwriting. The required documentation is listed in the CDBG underwriting guidance document provided in Department’s BA Activities GMM Chapter 21 webpages. At this same time, Program Operator and Lender will begin regulatory compliance documentation, per Section 3.5. The amount of documentation and detailed underwriting is based on size of the loan and type of business (existing or start up) and what LMI national objective is used. Additional documentation may be required for a business with special circumstances.

6.2 PERSONAL AND BUSINESS CREDIT REQUIREMENTS

Each applicant will have third party credit reports obtained showing credit scores and payment history. Credit reports will be reviewed for all owners and their spouses with twenty percent (20%) or more interest in the business. If a personal credit reporting service provides low credit scores or shows poor credit history, applicants must provide a written explanation and justification for allowing the loan to go forward.

A Dunn and Bradstreet report, if available, will also be reviewed for the primary applicant business and all associated businesses of the owners (20% or more ownership). If it is not available, the Program Operator will call vendors or suppliers of the business to inquire as to the business payment history. This same narrative process will be used for the business credit reports to demonstrate the good standing or poor standing of the business being evaluated, when no third party business credit report is available.

6.3 PERSONAL AND BUSINESS FINANCIAL INFORMATION

Personal financial statements will be required for each person who owns 20% or more of the business. Financial statements need to show all assets and liabilities of the person. In addition to these statements, federal tax returns for owners and the business for the past three years are needed to give a historic perspective of income.

For the business fiscal year, historic as well as current year-to-date financial statements will be required. Historic financials will consist of past three year's balance sheets, income statements, and cash flow statements. In addition, full current year to date financial statements will be required. These statements should be put together by the person responsible for doing the bookkeeping and financial management for the business. The past three years tax returns must also be provided to support the financial statements provided. Based on the financial statements, the Lender / Program Operator can develop ratios for debt service and payment history, etc.

The business will also need to provide future projected financials. These will consist of pro formas showing projected revenue and costs for the business on a monthly basis for each fiscal year for a minimum of three years from application date. Start-ups may need to provide up to five years of projection statements to show "break even" point of business. Two sets of pro formas need to be completed: one showing the business projections with CDBG financing; and a second set showing the business with conventional financing. This will provide evidence of the benefit / increased profit the business is receiving by using the more affordable CDBG loan. These pro formas must also show the increased costs to the business from adding the new job positions and the CDBG debt service.

A project sources and uses form must be provided to show all funding required for completing all project activities. This form will show the owner's equity as well as private bank financing and any other investments from other sources. The sources and uses form gives a clear idea of what costs the CDBG loan will cover and its information must be reflected in the pro formas as described above.

Using the information in these financial documents, along with any back up documentation required, will allow the Program Operator to do the project's underwriting analysis. This analysis will include both the conventional lending underwriting and HUD required underwriting. This analysis will be provided to the Loan Advisory Committee and City Manager for use in the loan approval process.

6.4 COLLATERAL REQUIREMENTS

All loans under this program will be collateralized using normal commercial lending standards. Collateral coverage will be assessed based on assets available as security and the level at which they are already liened. CDBG funding is typically in a subordinate position to banks and other lenders.

It is the goal of the Program to get the best lien position possible to ensure loan repayments. Types of collateral may include:

- Secured liens on real property,
- UCC liens on machinery, equipment, or other fixtures,
- Lease assignments, as appropriate,
- Personal and corporate guarantees, as appropriate, and
- Life insurance assignment and other collateral, as appropriate.

Appraisal of assets may be required as part of determining how to obtain the best lien positions for the CDBG loan. Combined loan to value ratio on collateral for the typical CDBG loan should not exceed ninety percent (90%). Equipment and inventory secured should be properly discounted to reflect actual resale value when doing loan to value calculations.

6.5 BUSINESS EXPERIENCE AND MANAGEMENT CAPACITY

The BA loan applicant will provide resumes and management histories to show the experience of business owners and their management staff in successful operation of the existing business or something comparable. Existing businesses proposing to use CDBG BA funds to create jobs must have at least an updated business plan if not a new plan.

For BA loan applicants proposing to use CDBG funds for a non-operational start-up businesses; or for applicants that wish to use CDBG funds to purchase an existing business; or for applicants that wish to use CDBG funds for job retention (to keep the business from closing), a comprehensive business plan will be required. The comprehensive business plan will include a detailed analysis of what management capacity is need for the business to be successful and identify resources that the business will utilize to meet the identified capacity needs.

7.0 LOAN SERVICING

7.1 LOAN SERVICING RESPONSIBILITIES

Borrower will be provided loan servicing information from the Lender. The Lender will retain all original project files within locked storage. Original legal documents will be kept in locked fire proof filing system for future loan servicing. Lender will provide annual income tax interest statements to the borrower for their tax purposes.

BA loan repayments will be collected by Lender's loan servicing department:

Name:	Finance Department
Agency:	City of Fort Bragg
Address:	416 N Franklin Street
Phone Number:	(707) 961-2825

All loan payment will be made directly to the Lender and deposited into current CDBG Program Income accounts. If payments are collected by a third party, all gross collected CDBG BA loan payments will be provided to the Lender on a monthly basis for deposit into the proper CDBG program income account.

The borrower may be required to provide the Lender / loan servicing agent with periodic financial statements of the business and proof of insurance annually. Upon reviewing the borrower's financial statements, the Lender may require the business to take actions that improve the business cash flows. Borrower may be required to meet with business development staff to assist in stabilizing or building capacity.

Borrower must disclose any sale of equipment or assets that are used as loan security by the Lender. The borrower may submit a written request to the Lender to change the CDBG loan terms, if the business is not able to fully service CDBG debt repayments or if they wish to pre-pay the loan by making one or more larger payments.

7.2 LOAN SERVICING POLICIES

The Lender has adopted a set of loan servicing policies that outline how the Lender or loan servicing agent will proceed if payments are late or no payments are received. The policies also outline how loan files will be set up and protected. A copy of these adopted loan servicing policies will be provided to each BA loan recipient at loan closing.

8.0 PROGRAM OVERSIGHT BY LENDER

8.1 OVERSIGHT OF PROGRAM ADMINISTRATOR

The Lender is ultimately the responsible entity for the CDBG BA loan program. Lender will oversee the Program Operator and communicate with the loan applicants and borrowers as needed to explain CDBG compliance.

The Program Operator is responsible to the Lender and loan applicants to assure that the Program is implemented in compliance with these program guidelines and state and federal regulations. In addition, Program Operator will ensure loan applicant projects are underwritten in a timely and responsible manner. This includes working closely with BA loan applicants to ensure they provide accurate financial statements through documenting BA project compliance for project close-out with Department and HUD. Program Operator will review all loan documents with borrowers prior to loan closing.

ATTACHMENT A
GRANTEE'S EXECUTED RESOLUTION ADOPTING GUIDELINES

The Authorizing Resolution will be inserted here upon approval

ATTACHMENT B
SAMPLE BUSINESS ASSISTANCE LOAN PROGRAM APPLICATION FORMS

City of Fort Bragg
SAMPLE BUSINESS LOAN APPLICATION

1. Applicant Name: _____
Name of Business: _____
Sole Proprietorship: _____ S Corporation: _____
Partnership: _____ C Corporation: _____
LLC/LLP: _____
Mailing Address: _____
Street Address: _____
Business Telephone: _____ **Email:** _____
Home Telephone: _____
Cell Phone: _____
Fax: _____

Project Address: _____

Federal Employer Identification Number: _____

Assessor's Parcel Number for Business and/or Project Site: _____
(Needed for ALL businesses no matter if renting or owning)

DUNS # _____ (see last page of application for instructions)

2. Loan Amount Requested: \$ _____

Uses of Funds:

Purchase of Real Estate	\$ _____
Purchase of Existing Business	_____
Furniture, Fixtures & Equipment	_____
Inventory	_____
Advertising & Promotion	_____
Operating Capital	_____
Other (specify)	_____

Construction Uses

Renovation/New Construction	_____
Leasehold Improvements	_____
Infrastructure (curbs, gutter, sidewalks, etc.)	_____

TOTAL \$ _____

3. Ownership

All owners of 20% or more of the applicant business are listed below:

Name _____
Home Address _____
City, State, Zip _____
Phone _____
Social Security # _____
% of Ownership _____
U.S. Citizen Yes _____ No _____

Name _____
Home Address _____
City, State, Zip _____
Phone _____
Social Security # _____
% of Ownership _____
U.S. Citizen Yes _____ No _____

For corporations, please list corporate officers, titles and who will be signing loan documents.

Name	Corporate Title	Signing Loan Documents (Yes or No)

(If additional space is needed, please use reverse side of this page.)

4. Have any of the persons listed above ever been charged with, or convicted of any criminal offenses, other than a minor motor vehicle violation?

☐ Yes ☐ No

If yes, please explain:

5. Has the applicant or any person listed above been in receivership or filed bankruptcy?

☐ Yes ☐ No

If yes, please explain:

6. Has the applicant or any person listed above had any credit problems in the last 5 years?

☐ Yes ☐ No

If yes, please explain:

7. Number of Employees

Current: Full Time _____ Part Time _____

Proposed New Jobs (if any): Full Time _____ Part Time _____

New Jobs to be Created (Jobs depicted on this form must be reflected on Income and Expense Projections (Attachment D))

Position / Title	Hourly Wage	Hours Per Week
TOTAL		

8. History of Business and Description of Project

(Start-up businesses must complete a Business Plan)

This should be a one- to two-page narrative where you describe the business, the prior owners, how it was acquired by you, and how long you have owned it. Discuss any significant events that have affected the firm's development. Explain what will change with the receipt of these loan funds. Cover such items as how the funds will be used, changes in operations, future plans, need for additional employees, changes in income, expenses, competitive advantages, etc.

(If more space is needed, please use additional pages.)

(Real estate, equipment, inventory, other business assets, personal assets, etc.) A Preliminary Title Report will be requested from a local Title Company early in the application process on any real estate being considered as collateral for the loan. The Borrower is responsible for any and all fees associated with the Title Company.

10. Other Lenders for This Project

CDS 4/2/14

PLEASE ATTACH THE FOLLOWING DOCUMENTS TO THIS APPLICATION

- ____ 1. All businesses must provide Resumes of Key Personnel. **(Attachment “A”)**
- ____ 3. Schedule of business debt. **(Attachment “B”)**
- ____ 4. Current personal financial statements of principals. These must be dated no more than 90 days prior to the application. **(Attachment “C”)**
- ____ 5. Three (3) years of personal tax returns for the proprietor, partners, and stockholders with 20% or more ownership in the business.
- ____ 6. Start-up businesses must provide three (3) years of monthly income and expense projections. Existing businesses must provide two (2) years of monthly income and expense projections. Also, a detailed description of how the projections were determined is required. **(Attachment “D”)**
- ____ 7. All start-up businesses must provide a Business Plan.
- ____ 8. Business tax returns for the three (3) most recent years.
- ____ 9. Business financial statements for the applicant's three (3) most recent fiscal years, where applicable, and a current financial statement dated no more than 90 days prior to the application.
- ____ 10. Current Aging of Accounts Receivable and Accounts Payable.
- ____ 11. Copy of Business License, if applicable.
- ____ 12. Copy of all Corporate Filings or Partnership Agreements (in the case of Corporations – copies of Corporate Resolution authorizing the borrowing request).
- ____ 13. Breakdown of proposed cost with written estimates from contractors or suppliers. Purchase agreements, when applicable.
- ____ 14. Such non-financial information or supporting information necessary to substantiate the application, including, but not limited to: estimates, quotations, receipts, contracts, orders, invoices, leases, sales agreements, documentation from architects, engineers, contractors, suppliers, or others involved in the sale, lease, or construction of fixed assets, if any, for applicant's project including schedules of implementation.

APPLICANT'S CERTIFICATION/AUTHORIZATION

I/We certify that all information in this application and all information furnished in support of this application are true and complete to the best of my/our knowledge and belief.

I/We authorize the lending agency to verify all information furnished in connection with the loan application. The information that may be verified includes, but is not limited to, the following: employment, pensions, mortgages, deposits, and any other income; personal or business loans; insurance; and further, to obtain a credit report.

I/We also authorize the lending agency to disclose any financial information on income tax returns or on my personal or business financial statements, for the purpose of obtaining a loan on my behalf. I understand the information would be made available to loan committee members and other lenders that may be involved in the funding of my loan request.

I/We also acknowledge that this is an application for public funds and, therefore, the information provided may be made available for review.

I/We acknowledge that there is a \$250.00 non-refundable application fee due at the time this application is submitted, and that there is a closing fee of 1.5% of the total loan amount.

Signature

Date

Signature

Date

ATTACHMENT "A"

RESUME OF

Note: This form is not required if another format is provided in its place.

EMPLOYMENT HISTORY (most recent first):

Dates Employed - From: _____ To: _____

Name of Company: _____

Address: _____

Position and Responsibilities: _____

Dates Employed - From: _____ To: _____

Name of Company: _____

Address: _____

Position and Responsibilities: _____

EDUCATION:

Dates Enrolled: From: _____ To: _____

Name of School: _____

Address: _____

Degree Received: _____ Date Graduated: _____

Dates Enrolled: From: _____ To: _____

Name of School: _____

Address: _____

Degree Received: _____ Date Graduated: _____

OTHER RELATED TRAINING OR EXPERIENCE:

References will be furnished upon request.

Signature: _____ Date: _____

ATTACHMENT "B"

BUSINESS INDEBTEDNESS: Furnish the following information on **all** business debts owed -- **vendors, credit cards, payroll taxes, income taxes, sales tax, contracts, notes, and mortgages.** (Current balances should agree with the latest balance sheet submitted.) Use reverse side or another sheet to list additional information.

To Whom Payable	Original Amount	Original Date	Present Balance	Rate of Interest	Maturity Date	Monthly Payment	Security	Current = C Past Due = P

AFFIDAVIT OF CURRENT TAX STATUS

I hereby certify that any and all of the applicable real property taxes, personal property taxes, Federal & State income taxes, Federal and State payroll withholding taxes, State Sales Tax, insurance premiums, and any other assessment or public charges are current.

Business Owner / Applicant

Date



ATTACHMENT "C"
PERSONAL FINANCIAL STATEMENT

OMB APPROVAL NO. 3245-0188
EXPIRATION DATE:11/30/2004

U.S. SMALL BUSINESS ADMINISTRATION

As of _____, _____

Complete this form for: (1) each proprietor, or (2) each limited partner who owns 20% or more interest and each general partner, or (3) each stockholder owning 20% or more of voting stock, or (4) any person or entity providing a guaranty on the loan.

Name Business Phone _____

Residence Address Residence Phone _____

City, State, & Zip Code _____

Business Name of Applicant/Borrower _____

ASSETS		(Omit Cents)	LIABILITIES		(Omit Cents)
Cash on hand & in Banks	\$ _____		Accounts Payable.....	\$ _____	
Savings Accounts.....	\$ _____		Notes Payable to Banks and Others	\$ _____	
			(Describe in Section 2)		
IRA or Other Retirement Account	\$ _____		Installment Account (Auto)	\$ _____	
			Mo. Payments		
Accounts & Notes Receivable	\$ _____		Installment Account (Other).....	\$ _____	
			Mo. Payments		
Life Insurance-Cash Surrender Value Only	\$ _____		Loan on Life Insurance.....	\$ _____	
(Complete Section 8)					
Stocks and Bonds	\$ _____		Mortgages on Real Estate	\$ _____	
(Describe in Section 3)			(Describe in Section 4)		
Real Estate	\$ _____		Unpaid Taxes	\$ _____	
(Describe in Section 4)			(Describe in Section 6)		
Automobile-Present Value	\$ _____		Other Liabilities	\$ _____	
			(Describe in Section 7)		
Other Personal Property	\$ _____		Total Liabilities	\$ _____	
(Describe in Section 5)					
Other Assets	\$ _____		Net Worth	\$ _____	
(Describe in Section 5)					
Total	\$ _____		Total	\$ _____	

Section 1. Source of Income

Salary	\$ _____
Net Investment Income	\$ _____
Real Estate Income	\$ _____
Other Income (Describe below)*	\$ _____

Contingent Liabilities

As Endorser or Co-Maker	\$ _____
Legal Claims & Judgments	\$ _____
Provision for Federal Income Tax	\$ _____
Other Special Debt	\$ _____

Description of Other Income in Section 1.

*Alimony or child support payments need not be disclosed in "Other Income" unless it is desired to have such payments counted toward total income.

Section 2. Notes Payable to Banks and Others. (Use attachments if necessary. Each attachment must be identified as a part of this statement and signed.)

Name and Address of Noteholder(s)	Original Balance	Current Balance	Payment Amount	Frequency (monthly,etc.)	How Secured or Endorsed Type of Collateral

SBA Form 413 (3-00) **Previous Editions Obsolete**

This form was electronically produced by Elite Federal Forms, Inc.

Section 3. Stocks and Bonds. (Use attachments if necessary. Each attachment must be identified as a part of this statement and signed).					
Number of Shares	Name of Securities	Cost	Market Value Quotation/Exchange	Date of Quotation/Exchange	Total Value

Section 4. Real Estate Owned. (List each parcel separately. Use attachment if necessary. Each attachment must be identified as a part of this statement and signed.)			
	Property A	Property B	Property C
Type of Property			
Address			
Assessor Parcel Number (APN)			
Date Purchased			
Original Cost			
Present Market Value			
Name & Address of Mortgage Holder			
Mortgage Account Number			
Mortgage Balance			
Amount of Payment per Month/Year			
Status of Mortgage			

Section 5. Other Personal Property and Other Assets. (Describe, and if any is pledged as security, state name and address of lien holder, amount of lien, terms of payment and if delinquent, describe delinquency)

Section 6. Unpaid Taxes. (Describe in detail, as to type, to whom payable, when due, amount, and to what property, if any, a tax lien attaches.)

Section 7. Other Liabilities. (Describe in detail.)

Section 8. Life Insurance Held. (Give face amount and cash surrender value of policies - name of insurance company and beneficiaries)

I authorize SBA/Lender to make inquiries as necessary to verify the accuracy of the statements made and to determine my creditworthiness. I certify the above and the statements contained in the attachments are true and accurate as of the stated date(s). These statements are made for the purpose of either obtaining a loan or guaranteeing a loan. I understand FALSE statements may result in forfeiture of benefits and possible prosecution by the U.S. Attorney General (Reference 18 U.S.C. 1001).

Signature:	Date:	Social Security Number:
Signature:	Date:	Social Security Number:

PLEASE NOTE: The estimated average burden hours for the completion of this form is 1.5 hours per response. If you have questions or comments concerning this estimate or any other aspect of this information, please contact Chief, Administrative Branch, U.S. Small Business Administration, Washington, D.C. 20416, and Clearance Officer, Paper Reduction Project (3245-0188), Office of Management and Budget, Washington, D.C. 20503. **PLEASE DO NOT SEND FORMS TO OMB.**

ATTACHMENT "D"

INCOME AND EXPENSE PROJECTIONS

Instructions

This is a worksheet designed to help determine monthly projected business income and expenses for a twelve month period. This will also help assess the feasibility of a project by determining if the projected income will cover the projected expenses, including owners draw and loan payments. This is just a worksheet, so fill it out in pencil. You will be making a lot of changes to it.

MONTHS: Fill in the month you anticipate opening your business, or start with "Month #1".

TOTAL SALES: All income from the sale of products or services for the month.

COST OF GOODS SOLD: Direct cost of the products sold. (Example: for a restaurant, the cost of goods sold is the food; for a clothing store, the clothing; for the manufacturing of tables, the cost of the wood, metal, varnish.) Service businesses do not have a cost of goods sold.

GROSS PROFIT: Subtract the **Cost of Goods Sold** from the **Total Sales** to determine the **Gross Profit**.

OPERATING EXPENSES: Listed here are some examples of monthly expenses. You may have some additional or different expenses that are specific to your business, just write them in.

TOTAL OPERATING EXPENSES: Add up all **Operating Expenses** for the month.

NET PROFIT: Subtract the **Total Operating Expenses** from the **Gross Profit**.

OWNER'S DRAW: This is the money the business owner will draw from the business for personal living expenses. When there is another monthly source of income, owner's draw may not apply. If the business owner will be paying personal living expenses from the business sales, owners draw will need to be determined. There is no owners draw under a corporate legal structure; all wages should be shown in the wages and payroll line items.

AVAILABLE FOR LOAN PAYMENT: Subtract **Owner's Draw** from **Net Profit**.

LOAN PAYMENT: This is the monthly payment of principal and interest based on the amount of the loan needed. This amount can be obtained from the Financial Consultant.

MARGIN: Subtract the **Loan Payment** from the **Available for Loan Payment**. This is the projected amount left after all expenses have been paid. If the **Loan Payment** amount is larger than the **Available for Loan Payment**, you are losing money at the end of the month.

ATTACHMENT “D” INCOME AND EXPENSE PROJECTIONS WORKSHEET

[illegible]

AUTHORIZATION AND RELEASE FOR CREDIT REPORT

Dear Requestor:

Prior to a credit report request, you must understand the following:

- 1) Access to your credit file is limited to yourself and your agents acting on your behalf.
- 2) Your consent in writing is required before a report may be provided.
- 3) You are entitled to a copy of the credit report and a copy of the FTC's "Consumer Rights Notice".

Based on the above information, I hereby authorize **Community Development Services (CDS)** to obtain my credit report for the purposes of **applying for a business loan**.

PLEASE PRINT THE BELOW INFORMATION NEATLY

Applicant

Name: _____
(Full name including Jr., Sr., etc.)

SSN#: _____

Date of Birth: _____

Address: _____

City, State, Zip: _____

Previous Address: _____

City, State, Zip: _____

Signature

Spouse/Partner

Name: _____
(Full name including Jr., Sr., etc.)

SSN#: _____

Date of Birth: _____

Address: _____

City, State, Zip: _____

Previous Address: _____

City, State, Zip: _____

Signature

How to Get a DUNS

Please follow the below steps and read the attached document to assist you with your new D-U-N-S Number request:

1. Click or copy the following link to your browser <http://fedgov.dnb.com/webform>
 2. Click on “Begin D-U-N-S Search / Request Process” at the top of the left hand tool bar
 3. In the “Search” screen select “United States of America” (It will be at the top of the list) from the drop down list and click “Continue”
 4. In the “iUpdate – Webform Page” click on “Continue to iUpdate” arrow at the bottom of the screen
 5. In iUpdate, locate the center box titled “Find DUNS or Request new DUNS” and click on the “Start Now” button
 6. Read the attachment “Step-by-Step Process for Customers” document. This will assist you in the process.
 7. You must first make sure we do not already have your company on file. In the “Company Look-up” screen, please enter your Business Name, City and State and click the “Search” button.
 - A. Utilize the attached “Step-by-Step Process for Customers” document to assist you through the process
 8. If you do not locate your company, click on the “Request a D-U-N-S Number” arrow at the bottom of the screen
 9. You will now be in the New D-U-N-S Registration Process. Two **IMPORTANT NOTES**
 - A. This **PERSONAL** information is required at this step to validate your **PERSONAL** identity and eliminate fraudulent activity. **Do not** enter your **company address** as your registration will **fail**.
 - B. Please ensure you see the ReCaptcha box at the bottom of the screen (see below screen shot) If you do not have the ReCaptcha box, you will need to return to Step 8. When you get the box “Do you want to view only the webpage content that was delivered securely?” Click the “No” button.
-
10. Now complete the process.
 11. Once you have completed the entire process, you will receive a confirmation email. It will take **24 to 48 hours to receive your D-U-N-S Number**, which you will receive via email for your records.

ATTACHMENT C
CDBG AND LENDER REQUIRED DOCUMENTS

ATTACHMENT C-1 Jobs Tracking Form

CDBG Jobs Tracking Form for Proposed Project						
Company Name: _____						
List all current employee positions on payroll as of the CDBG loan approval and all proposed new job positions.						
Project is Proposing		<input type="checkbox"/> JOB CREATION Or <input type="checkbox"/> JOB RETENTION				
	Job Position Title	New, Existing, or Retained Job	Annual Hours	Annual Wages	Full/Part Time	Date of Hire
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
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33						
34						

EXISTING JOB POSITIONS		PROPOSED NEW HIRE OR RETAINED JOB POSITIONS		LMI	% LMI
Total Full Time		Total Full Time			
Total Part Time		Total Part Time			
Grand Total Full Time		Grand Total Full Time			#DIV/0!

I hereby certify under the penalty of perjury that all the information contained in this request for funds (including all supportive documentation) is true and correct. I understand and acknowledge that making false statement on this certification, including any documents submitted in support of it, may result in denial of application for funding.

Signature of Business Owner: _____ Date: _____

Signature of Jurisdiction Staff: _____ Date: _____

Note: Multiple forms may be required for businesses with lots of employees.

ATTACHMENT C-1 Jobs Tracking Form

CDBG Jobs Tracking Form for Completed Project							
Company Name: _____							
List all employee positions on payroll, both existing and new hires as a result of CDBG loan.							
Date of Project Approval: _____				Date of Project Completion: _____		Income Self Cert. Date: _____	
	Job Position Title	New or Existing Job	Annual Hours	Annual Wages	Full/Part Time	LMI	
1							
2							
3							
4							
5							
6							
7							
8							
9							
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EXISTING JOB POSITIONS		ACTUAL NEW HIRE OR RETAINED JOB POSITIONS		LMI	% LMI
Total Full Time		Total Full Time			
Total Part Time		Total Part Time			
Grand Total Full Time		Grand Total Full Time			#DIV/0!

I hereby certify under the penalty of perjury that all the information contained in this form (including all supportive documentation) is true and correct. I understand and acknowledge that making false statement on this certification, including any documents submitted in support of it, may result in repayment of loan funds.

Signature of Jurisdiction Staff: _____ Date: _____

ATTACHMENT C-2
Self Certification of Income Form

Business Assistance Project SELF-CERTIFICATION of Income for <input type="checkbox"/> City of / <input type="checkbox"/> Town of / <input type="checkbox"/> County of _____ CDBG Funded Activity
--

Page 1 to be filled out by Applicant/Employee

Status: ☐ Job Applicant (Creation) ☐ Current Employee (Retention)

Business Name: _____

Business Physical Address: _____ (City)

Part I: Confidential Job Applicant / Employee HUD Demographic Data (This section is voluntary.)

Ethnicity (Select One)	<input type="checkbox"/> Not Hispanic	<input type="checkbox"/> Hispanic
Race (Select One)		
<input type="checkbox"/> White	<input type="checkbox"/> Am. Indian/Alaskan Nat. & White	
<input type="checkbox"/> Black/African American	<input type="checkbox"/> Asian & White	
<input type="checkbox"/> Asian	<input type="checkbox"/> Black/African American & White	
<input type="checkbox"/> American Indian/Alaskan Native	<input type="checkbox"/> Am. Indian/Alaskan & Black/African	
<input type="checkbox"/> Nat. Hawaiian/Other Pacific Isl.	<input type="checkbox"/> Other Multi-Racial	
Other Demographic Data (Select each that Applies)		
<input type="checkbox"/> Female Head of Household	<input type="checkbox"/> Single / Non Elderly	
<input type="checkbox"/> Participant Disable	<input type="checkbox"/> Related/Single Parent	
<input type="checkbox"/> Veteran	<input type="checkbox"/> Related/Two Parent	
<input type="checkbox"/> Elderly	<input type="checkbox"/> Other (_____)	
<input type="checkbox"/> Unemployed prior to Employment		

Part II: Confidential Job Applicant / Employee Income Certification (Certification process may not be administered by business receiving CDBG funds.)

My total family size consists of _____ members, and the total gross annual income* for all adult members is \$_____.

*Gross annual income must include all sources of income (wages, child support, SSI, unemployment, pension, income from assets, etc.), but does not include the income of live-in aids, per 24 CFR 5.403).

I certify that the information given on this form is true and accurate to the best of my knowledge. I am aware that there are penalties for willfully and knowingly giving false information on an application for Federal or State funds, which may include immediate repayment of all Federal or State funds received and/or prosecution under the law. I understand that the information on this form is subject to verification by state or federal personnel as part of compliance monitoring.

Job Applicant / Employee Signature: _____ Date: _____

Applicant / Employee Name (print): _____

Job Applicant / Employee Physical Home Address: _____ (City)

HCD Revised: August, 2015

Page 1 of 2

ATTACHMENT C-2
Self Certification of Income Form

CDBG Business Assistance Project Verification by <input type="checkbox"/> City of / <input type="checkbox"/> Town of / <input type="checkbox"/> County of _____ for CDBG Funded Activity
--

Page 2 to be filled out by Program Operator

Project Information:

Business Name: _____

Job Applicant / Employee Name: _____

Public Benefit Type: ☐ Job Creation ☐ Job Retention

Project funded by: ☐ Grant #: _____ - Or - ☐ PI Fiscal Year: _____

Business and Job Applicant / Employee Location Verification:

Business Physical Address: _____ ☐ In Jurisdiction Limits

Job Applicant / Employee Physical Home Address: _____ ☐ In Jurisdiction Limits

NOTE: Business must be located in Jurisdiction. Significant number of Job Applicants should reside in Jurisdiction (does not apply to retention).

Job Applicant / Employee Income Verification:

Effective Date of the Income Limit Chart being used: _____

- Family is: ☐ 30% or less (Extremely Low Income)
☐ 31%-50% (Low Income)
☐ 51%- 80% (Moderate Income)
☐ Over 80% of median income: **NOT ELIGIBLE AS LOW /MOD JOB**

Program Operator must:

- 1) Must complete confidential demographic data on cert. form if applicant / employee leaves blank.
- 2) Must complete business project information and business & applicant / employee location verification.
- 3) Must complete the applicant/employee income verification by:
Print the current HCD Income limits from the HCD website (NOT HUD's), and
Circle the applicable family size and annual income on HCD limit printout, and
Include the copy of the circled printout with these certification forms.

Program Operator Certification: I certify that Applicant / Employee demographic data provided is true and correct, to the best of my knowledge. I certify that, using the current HCD annual income publication compared to stated family size and gross income, the income level indicated above is true and correct. I certify that residency of the Applicant / Employee and the business address is true and correct per the requirements of 24 CFR 570.486(b) and/or (c) as applicable.

Note: This completed certification, whether Job Applicant / Employee benefited (was hired) or not, must be maintained in the Confidential Project file for review at time of monitoring. Certification of Job Creation cannot be done prior to CDBG funding approval.

Program Operator Name (print)

Job Title

Signature:

Date:

HCD Revised: August, 2015

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ATTACHMENT C-3
Loan Disbursement Schedule – Proposed

[illegible]

ATTACHMENT C-3 Loan Disbursement Schedule – Final

CDBG FUNDING DISBURSEMENTS FOR ECONOMIC DEVELOPMENT PROJECT WITH CDBG FUNDING				
ACTUAL CDBG DISBURSEMENTS		<div style="display: flex; justify-content: space-between;"> <div> Date of Loan Application: <input style="width: 150px;" type="text"/> Date of Loan Approval: <input style="width: 150px;" type="text"/> Date of NEPA Completion: <input style="width: 150px;" type="text"/> </div> </div>		
Date of Borrower's Project Cost	Description of Eligible CDBG Project Cost	Amount	Date of Lender's Check	Date of CDBG Reimb.
Total Loan		\$0		
<small>I hereby certify under the penalty of perjury that all the information contained in this form, (including all supportive documentation) is true and correct. I understand and acknowledge that making false statement on this certification, including any documents submitted in support of it, may repayment of loan funds.</small>				
Signature of Business Owner: _____		Date: <input style="width: 100px;" type="text"/>		
Signature of Jurisdiction Staff: _____		Date: <input style="width: 100px;" type="text"/>		

ATTACHMENT C-4
Certification of No Conflict of Interest Form

**BORROWER CERTIFICATION OF NO CONFLICT OF INTEREST
IN RECEIVING COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)**

The City of Fort Bragg, hereafter called Grantee, will use federal CDBG funds to provide financial assistance to eligible program participants, hereafter called Participants. These CDBG funds are administered by the State Department of Housing and Community Development hereafter called Department. As part of receiving CDBG funds from the Department, the Grantee is required to ensure there is no conflict of interest created when using these funds on eligible CDBG activities. As such, all Participants must certify that no conflict of interest has been created.

State Conflict of Interest: Pursuant to California Government Code 87100, et seq. CDBG financial assistance is not available if there is a conflict of interest. Any person / business loan participant that is an employee of the Grantee, an elected official, or consultant involved in administering a business assistance activity would not be eligible to receive CDBG funds due to a conflict of interest. If there is a real or perceived conflict of interest, the Grantee must have a legal determination that will be placed in the Participant's file.

Federal Conflict of Interest: Pursuant to the Code of Federal Regulations, Section 24 CFR 570.489 (h) a conflict of interest is not allowed when using CDBG funds as follows:

Conflicts prohibited. Except for eligible administrative or personnel costs, the general rule is that no persons described in paragraph (h)(3) of this section who exercise or have exercised any functions or responsibilities with respect to CDBG activities assisted under this subpart or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest or benefit from the activity, or have an interest or benefit from the activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.

Persons covered. The conflict of interest provisions for paragraph (h)(2) of this section apply to any person who is an employee, agent, consultant, officer, elected official or appointed official of the state, or of a unit of general local government, or of any designated public agencies, or subrecipients which are receiving CDBG funds.

If there is a real or perceived conflict of interest relative to the federal language above, the Grantee must submit a request to the Department for an exception to the Conflict of Interest determination. The Department will render a written decision that will be placed in the Participant's file.

By signing below, I certify that no conflict of interest, as prohibited by California Government Code Section 87100 et seq. and/or by the Code of Federal Regulations Section 24 CFR 489 (h), is created.

Signature of Borrower

Print Name and Title

Date: _____

Date: _____

ATTACHMENT C-5
Borrower Certification of No Job Pirating Form

**BORROWER'S CERTIFICATION CONCERNING NO JOB PIRATING
IN CONNECTION WITH COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) ECONOMIC
DEVELOPMENT (ED) FINANCING**

The City of Fort Bragg will use federal CDBG economic development (ED) funds to make loans to eligible projects. These federal funds are available from local program income funds or from grant contracts issued by the State Department of Housing and Community Development. These CDBG ED loans cannot be used if their use supports job pirating. Job pirating is not allowed under 24 CFR 570.482(f) of federal regulations. CDBG ED activities trigger this prohibition of funds as follows, and responses must be provided to document non-pirating:

1. Statement of Job Pirating Provisions:

Use of CDBG funds to directly assist the relocation of any industrial or commercial plant, facility or operations, from one labor market area to another labor market area.

☐ Yes

☐ No

If yes, what is the total number of jobs to be relocated: _____.

2. Certification of no Job Pirating:

Will a significant loss of jobs take place due to the relocation of the business operations (Definition of significant is 25 or more full time positions.).

☐ Yes

☐ No

If yes, CDBG assistance is prohibited.

If no, business must certify that neither it nor any of its subsidiaries has plans to relocate jobs, as of the date of the CDBG loan agreement.

3. Consequences of Job Pirating Violation:

Use of CDBG funds to directly assist the relocation of any industrial or commercial plant, facility or operations, from one labor market area to another labor market area will result in the required repayment of all CDBG funding invested in the project.

I hereby certify under the penalty of perjury that all the information contained in my CDBG request for funding (including all supporting documentation) is true and correct. I understand and acknowledge that making false statement on this certification, including any documents submitted in support of it, is a crime under federal and California state laws, which may result in criminal prosecution.

Signature of Borrower

Print Name and Title

Date

ATTACHMENT C-6
Certification of Federal Regulatory Compliance Form

**BORROWER'S CERTIFICATION OF COMPLIANCE WITH FEDERAL OVERLAYS RELATED
TO COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
ECONOMIC DEVELOPMENT (ED) FINANCING**

The City of Fort Bragg, here after referred to as Responsible Entity (RE), is being requested to use federal CDBG ED funds for a project located at: _____, CA _____. The RE received a CDBG application for funding from the Business Assistance (BA) loan applicant on: _____ date.

There are three (3) significant federal overlay laws that must be adhered to as part of receiving CDBG ED BA funding: 1) federal environmental regulations; 2) federal relocation and real property acquisition laws; and 3) federal prevailing wage laws. All projects proposing to use CDBG federal funding must be documented as being in compliance with these laws.

ENVIRONMENTAL REVIEW: To be in compliance with federal environmental review law, National Environmental Policy Act (NEPA), an Environmental Review Record (ERR) must be completed and executed by the RE prior to awarding the project any CDBG funds. The ERR must also be completed prior to any additional work being done on the project after the date of application submittal, as shown above.

Any site work or legal agreements associated with the project, after the date of the CDBG application, could trigger a "choice limiting" action under NEPA regulations. Such an action will prohibit the RE from awarding CDBG funds to the project. Specific choice limiting actions to be avoided by the applicant after BA application date are: 1) signing any contracts for any work on the project; 2) signing any real property purchase agreements or leases; 3) conducting any construction / maintenance work at the site.

Loan applicant does hereby acknowledge and certify that there is and will be no choice limiting actions taking place at the site until the RE has completed an ERR for the project. Applicant agrees to disclose the existing conditions of the project and will not proceed with any development work until such time as the RE has provided written permission to do so.

4. Statement of Project's Site Control.

Full site control, i.e. fee simple interest ownership of the property **or** executed lease agreement, was in place prior to BA loan application submittal date.

☐ Yes ☐ No

If no, what is proposed date will site control to be in place: _____.

5. Statement of Project's Construction Status.

Construction was started on the project prior to BA loan application submittal date stated above.

☐ Yes ☐ No

If yes, construction must stop at the date of application, or CDBG is prohibited.

If no, business certifies NO construction contracts will be executed and no work at the site will start until RE provides written approval.

6. Consequences of Choice Limiting Action.

Any changes which trigger NEPA violation will force the RE to cancel the application.

RELOCATION AND ACQUISITION REVIEW: To be in compliance with federal acquisition and relocation law, the RE must verify that no “persons” have been displaced because of the use of CDBG funding AND that if CDBG funds are being used, in whole or in part to acquire real property, that federal laws are being complied with prior to award of funds.

Projects using CDBG funding for acquisition of real property are required to provide the seller with a proper disclosure of no use of eminent domain as part of the transaction.

Projects using CDBG funding that cause a person (resident of a housing unit, business or non-profit) to move as a direct result of the project’s activity must follow federal relocation process and provide those affected persons with permanent relocation benefits.

1. Statement of Project’s Use of Funds for Acquisition.

CDBG funds are being used to assist in purchase of real property.

☐ Yes ☐ No

If yes, what date was seller provided Acquisition Notice? _____.

2. Statement of Project’s Relocation Compliance.

Persons were or will be displaced because of the proposed CDBG funding project activity / scope of work.

☐ Yes ☐ No

If yes, RE must evaluate relocation benefits required for the project to move forward and disclose the costs of the relocation to the BA applicant.

If no, business certifies NO persons are displaced by the project.

3. Consequences of Non-Compliance with Relocation or Acquisition Laws.

Any miss-representations that result in these federal laws being triggered will force the RE to cancel the application.

Loan applicant does hereby acknowledge and certify that there will be no relocation of persons taking place at the site until the RE has completed its review and analysis of any required relocation benefits. Applicant agrees to disclose the existing conditions of the project and will not proceed with any property purchase or development work until such time as the RE has provided written permission to do so.

FEDERAL PREVAILING WAGE REVIEW: To be in compliance with federal prevailing wage laws (Davis Bacon and associated legislation), the RE must verify that no CDBG funds are being utilized for project construction costs. If any CDBG funds are used for construction, then RE must ensure federal prevailing wage rates will be paid by contractors. These wages will increase the project’s costs.

1. Statement of Project's Use of Funds for Construction.

CDBG funds will pay for project construction costs.

☐ Yes

☐ No

If yes, what date was RE labor standards monitoring certification submitted to the Department? _____.

If no, federal prevailing wage compliance is not required.

2. Consequences of Non-Compliance with Davis Bacon and Related Acts.

Any miss-representations that result in these federal laws being triggered can require the RE to pay wage compensation to workers doing the construction.

Loan applicant does hereby acknowledge and certify that there will be no signing of construction contracts for any work taking place at the project site until the RE has completed its review and analysis of required labor standards compliance. Applicant agrees to disclose the existing conditions of the project and will not proceed with any property development work until such time as the RE has provided written permission to do so.

I hereby certify under the penalty of perjury that all the information contained in the CDBG request for funding (including all supporting documentation) is true and correct. I understand and acknowledge that making false statement on this certification, including any documents submitted in support of it, is a crime under federal and California state laws, which may result in criminal prosecution.

Signature of Borrower(s)

Print Name and Title

Date

ATTACHMENT D
Business Loan Servicing Policies
City of Fort Bragg
CDBG Business Loan Programs

LOAN SERVICING POLICIES AND PROCEDURES

The City of Fort Bragg, here after called “Lender”, has adopted these policies and procedures in order to preserve its financial interest in properties whose “Borrowers” have been assisted with public funds. The Lender will, to the greatest extent possible, follow these policies and procedures, but each loan will be evaluated and handled on a case-by-case basis. The Lender has formulated this document to comply with state and federal regulations regarding the use of these public funds and any property restrictions that are associated with them.

The policies and procedures are broken down into the follow areas 1) loan repayments; 2) required payment of taxes, assessments, liens and insurance; 3) required Request for Notice of Default; 4) required noticing and limitations on any changes in title, occupancy, use, or location of property; 5) requests for subordination; 6) process for loan foreclosure in case of default on the loan.

1. Loan Repayments

The Lender will collect monthly payments from those borrowers who are obligated to do so under Installment Notes that are amortized promissory notes, or Lender may use a designated loan collection company to collect payments. Late fees will be charged for payments received after the assigned monthly date as described in loan documents. Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower’s obligation to continue to make payments under the payment schedule. Rather, early payments will reduce the principal balance due and may result in Borrower’s making fewer payments.

For Notes that are deferred payment loans, the Lender may accept voluntary payments on the loan. Loan payments will be credited to interest first and then to principal. The borrower may repay the loan balance at any time with no penalty.

2. Payment of Taxes, Assessments, Liens and Insurance

In general, as part of keeping a CDBG loan from going into default, borrower must maintain all-risks insurance coverage with respect to collateral or other property as designated in the loan documents and related commercial security agreements, naming the Lender as loss payee in first position or as additional insured if the loan is a junior lien. Lender may file a UCC financing statement to perfect Lender’s security interest. If borrower fails to maintain the necessary insurance, the Lender may take out forced place insurance to cover the property while the Borrower puts a new insurance policy in place. All costs for installing the necessary insurance will be added to the loan balance at time of installation of Borrower’s new insurance.

When real property is located in a 100 year flood plain, the Borrower will be required to carry flood insurance. A certificate of insurance for flood insurance, if applicable, and for any other insurance required per terms of the loan will be required at close of escrow. The Lender will request verification of insurance coverage on an annual basis as long as the debt is outstanding.

Property taxes must be kept current during the term of the loan for property acquired with loan proceeds or for property designated as security for the CDBG loan or other activity debt, as described in the loan documents. If the Borrower fails to maintain payment of property taxes, then the Lender may pay the taxes and add the balance of the tax payment plus any penalties to the balance of the loan.

3. Request for Notice of Default

When the Borrower's CDBG loan is in second position behind an existing first mortgage, it is the Lender's policy to prepare and record a "Request for Notice of Default" for each senior lien in front of Lender's loan. This document requires any senior lien holder listed in the notice to notify the Lender of initiation of a foreclosure action. The Lender will then have time to contact the Borrower and assist the Borrower in bringing the first loan current. The Lender can also monitor the foreclosure process and go through the necessary analysis to determine if the loan can be made whole or preserved. When the Lender is in a third position and receives notification of foreclosure from only one senior lien holder, Lender may contact any other senior lien holders regarding the status of loans.

4. Required Noticing and Restrictions on Any Changes of Title, Occupancy, Use, or Location of Collateralized or Secured Property

In all cases where there is a change in title or occupancy or use or location of property that directly or indirectly relates to any agreements between Lender and Borrower, the Borrower must notify the Lender in writing of any change. No change in Borrower's name or principal residence will take effect until after Lender has received notice. All such changes are subject to the review and approval of the Lender's Loan Committee and may also require City Manager approval.

5. Requests for Subordination

When a Borrower wishes to refinance property financed in whole or in part with CDBG funds, Borrower must make a subordination request to the Lender. The Lender may consider subordination of the loan when there is no "cash out" as part of the refinance. Cash out means there are no additional charges on the transaction above loan and escrow closing fees. There can be no third-party debt pay-offs or additional encumbrance on the property above traditional refinance transaction costs. Furthermore, the refinance should lower the debt costs of the business with a lower interest rate, and the total indebtedness on the property should not exceed the current market value.

Upon receiving the proper documentation from the refinance lender, the request will be considered by the Loan Committee for review and approval. Upon approval, the escrow company will provide the proper subordination document for execution and recordation by the Lender.

6. Process for Loan Foreclosure

Upon any condition of loan default, including: 1) non-payment; 2) failure to comply with or perform other terms, obligations, covenants or conditions contained in the Note or related documents; 3) false statements; 4) death or insolvency of borrower; 5) creditor or forfeiture proceedings; or 6) any other event of default as described in the promissory note, Lender may declare the entire unpaid principal and interest balance immediately due. Upon loan default, Lender will send a letter to Borrower notify Borrower of the default situation.

When a senior lien holder starts a foreclosure process and the Lender is notified via a Request for Notice of Default, the Lender as the junior lien holder may cancel the foreclosure proceedings by “reinstating” the senior lien holder. The reinstatement amount or payoff amount must be obtained by contacting the senior lien holder. This amount will include all delinquent payments, late charges and fees to date. Lender must confer with Borrower to determine if, upon paying the senior lien holder current, Borrower can provide future payments. If this is the case, then the Lender may cure the foreclosure and add the costs to the balance of the loan with a Notice of Additional Advance on the existing note.

If the Lender determines, based on information on the reinstatement amount and status of Borrower, that bringing the loan current will not preserve the loan, then Lender must determine if it is cost effective to protect the Lender’s position by paying off the senior lien holder in total and restructuring the debt. If the Lender does not have sufficient funds to pay the senior lien holder in full, then the Lender may choose to cure the senior lien holder and foreclose on the property. As long as there is sufficient value in the property, the Lender may be able to pay for the foreclosure process and pay off the senior lien holder and retain some or all of the Lender’s investment.

If the Lender decides to reinstate, the senior lien holder will accept the amount to reinstate the loan up until five days prior to the set “foreclosure sale date.” This “foreclosure sale date” usually occurs about four to six months from the date of recording of the “Notice of Default.” If the Lender fails to reinstate the senior lien holder before five days prior to the foreclosure sale date, the senior lien holder would then require a full pay off of the balance, plus costs, to cancel foreclosure. If the Lender determines the reinstatement and maintenance of the property not to be cost effective and allows the senior lien holder to complete foreclosure, the Lender’s lien may be eliminated due to insufficient sales proceeds.

ATTACHMENT D
CDBG Business Assistance Loan Certification Form

**STATE OF CALIFORNIA
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) LOAN CERTIFICATION
FOR BUSINESS ASSISTANCE (BA) PROJECT**

DATE OF JURISDICTION'S LOAN APPROVAL:

JURISDICTION AND CDBG REPRESENTATIVES		
JURISDICTION:	NAME OF JURISDICTION STAFF REVIEWING THE LOAN:	
JURISDICTION STAFF TITLE:	PHONE:	EMAIL:
HCD CONTRACT REP. NAME:	PHONE:	EMAIL:

UNDERWRITER / BA PROGRAM ADMINISTRATOR		
ORGANIZATION NAME:	NAME OF UNDERWRITER PROCESSING THE LOAN:	
CONTACT NAME:	PHONE:	EMAIL:

BUSINESS AND BUSINESS OWNER	
BUSINESS NAME with DBA:	BUSINESS PHYSIAL ADDRESS:
NATURE OF BUSINESS <i>(restaurant, manufacturing, service provider):</i>	
NAMES OF BUSINESS OWNER(S) / BORROWER(S):	

BUSINESS LEGAL STRUCTURE	PURPOSE OF LOAN
SOLE PROPRIETORSHIP: <input type="checkbox"/> Yes <input type="checkbox"/> No	START UP: <input type="checkbox"/> Yes <input type="checkbox"/> No
PARTNERSHIP: <input type="checkbox"/> Yes <input type="checkbox"/> No	EXPANSION: <input type="checkbox"/> Yes <input type="checkbox"/> No
COMPANY: <input type="checkbox"/> Yes <input type="checkbox"/> No	RETENSION: <input type="checkbox"/> Yes <input type="checkbox"/> No
CORPORATION: <input type="checkbox"/> Yes <input type="checkbox"/> No	TOTAL PROJECT COSTS: \$

PROJECT SOURCES AND USES INFORMATION	
FUNDING SOURCE	USE OF FUNDING
Equity <input type="checkbox"/> CDBG <input type="checkbox"/> Private / Bank <input type="checkbox"/>	PURCHASE OF REAL PROPERTY
Equity <input type="checkbox"/> CDBG <input type="checkbox"/> Private / Bank <input type="checkbox"/>	FURNITURE FIXTURES & EQUIPMENT
Equity <input type="checkbox"/> CDBG <input type="checkbox"/> Private / Bank <input type="checkbox"/>	CONSTRUCTION / TENANT IMPROVEMENTS
Equity <input type="checkbox"/> CDBG <input type="checkbox"/> Private / Bank <input type="checkbox"/>	OPERATONS COSTS (MONTHLY)
Equity <input type="checkbox"/> CDBG <input type="checkbox"/> Private / Bank <input type="checkbox"/>	INVENTORY / SUPPLIES
Equity <input type="checkbox"/> CDBG <input type="checkbox"/> Private / Bank <input type="checkbox"/>	DEBT REFINANCE
Equity <input type="checkbox"/> CDBG <input type="checkbox"/> Private / Bank <input type="checkbox"/>	OTHER: _____

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**STATE OF CALIFORNIA
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) LOAN CERTIFICATION
FOR BUSINESS ASSISTANCE (BA) PROJECT**

CDBG LOAN INFORMATION	
LOAN AMOUNT:	LOAN TERM: YEARS
LOAN INTEREST RATE: %	MONTHLY PAYMENT: \$
UNIQUE LOAN STRUCTURE PROVIDED? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, provide brief narrative below.	
CDBG NATIONAL OBJECTIVE (Only Complete A or B)	
A. PROJECT WILL USE CDBG NATIONAL OBJECTIVE OF LOW-MODERATE JOB (LMJ) BENEFIT BY PROVIDING DIRECT ASSISTANCE TO A BUSINESS THAT CREATES / RETAINS JOBS PRIMARILY (OVER 51%) FOR HUD ELIGIBLE LOW-MOD PERSONS. If no, then project must use LMA below, so move onto section B.	<input type="checkbox"/> Yes <input type="checkbox"/> No
Loan documents have language requiring Borrower to allow Jurisdiction Staff or Third party to obtain copy of payrolls and use Department Self- Certification of Income forms for all job applicants on new jobs created <u>OR</u> to existing job positions retained?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Borrower has signed Job Tracking Form, listing the total jobs <u>PROPOSED</u> to be created <u>OR</u> retained and lists the 51% low mod job positions being created <u>OR</u> retained?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Underwriter has included all costs of new / retained jobs in future financial spreadsheets, to clearly document that all jobs, including low-mod jobs, will be created within the term of the grant contract or as stipulated in the CDBG loan agreement for program income?	<input type="checkbox"/> Yes <input type="checkbox"/> No
For job retention, project file contains documentation of business public notice or employment notice of failure / layoffs and over 51% of lost job positions are LMI person? <u>or</u> Underwriter has documentation of "but for" CDBG the business will fail and jobs will be lost and over 51% of those lost job positions are held by LMI persons?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No
B. PROJECT WILL USE LOW MODERATE AREA (LMA) NATIONAL OBJECTIVE?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Jurisdiction has documentation of business service area and has HUD data to prove low moderate income area benefit (LMA) status of area? LMA = %	<input type="checkbox"/> Yes <input type="checkbox"/> No
Jurisdiction has documentation that service area of business is primarily residential?	<input type="checkbox"/> Yes <input type="checkbox"/> No
CDBG PUBLIC BENEFIT STANDARD FOR JOBS (When Using LMJ)	
A. VERIFICATION OF JOB POSITIONS CREATED / RETAINED:	
Borrower provided payroll documentation of existing jobs and documents are in project file to verify the number of permanent FTE existing jobs in place prior to investment of CDBG funds?	<input type="checkbox"/> Yes <input type="checkbox"/> No

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**STATE OF CALIFORNIA
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) LOAN CERTIFICATION
FOR BUSINESS ASSISTANCE (BA) PROJECT**

Borrower signed Job Tracking Form, which will be an attachment to executed loan agreement, listing all new jobs created <u>or</u> existing jobs retained from use of CDBG funds and listing dates when job positions will be added / retained on payroll?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Borrower signed Job Tracking Form lists out part time and full time job positions? Note: per state regulations (part time equivalent (PTE) positions must work at least 875 hours and full time equivalent (FTE) must work at least 1,750 hour annually)?	<input type="checkbox"/> Yes <input type="checkbox"/> No
COST PER JOB CREATED / RETAINED IS EQUAL TO OR LESS THAN \$35,000, AGGREGATE?	<input type="checkbox"/> Yes <input type="checkbox"/> No
COST PER JOB: CDBG PROJECT FUNDING: \$_____ ÷ TOTAL NUMBER OF PROPOSED FTE JOBS: ____ = COST PER PROPOSED CREATED OR RETAINED FTE JOB \$	
PROJECT FILE VERIFIES THAT NONE OF THE PROPOSED JOBS TO BE CREATED HAVE BEEN HIRED PRIOR TO LOAN APPROVAL?	<input type="checkbox"/> Yes <input type="checkbox"/> No
CDBG PUBLIC BENEFIT STANDARD FOR GOODS OR SERVICES (When Using LMA)	
B. VERIFICATION OF SERVICE AREA AND GOODS OR SERVICES:	
Project file has documentation of service area for Good OR Services, documentation that business is open to all, and that goods or services are needed / available to LMI persons, prior to loan approval?	<input type="checkbox"/> Yes <input type="checkbox"/> No
AMOUNT OF CDBG PER LMI PERSON FOR GOODS OR SERVICES IS EQUAL TO OR LESS THAN \$350 ANNUAL AGGREGATE?	<input type="checkbox"/> Yes <input type="checkbox"/> No
COST PER PERSON: CDBG PROJECT FUNDING: \$_____ ÷ TOTAL NUMBER OF LMI PERSONS IN SERVICE AREA: ____ = COST PER LMI PERSON \$	
CDBG ELIGIBLE ACTIVITY	
PROJECT COMPLIES WITH LOCAL BA PROGRAM GUIDELINES? If, NO, project file contains a written special exception justification, per guidelines?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No
PROJECT FILE VERIFIES BUSINESS IS PHYSICALLY LOCATED WITHIN JURISDICTIONAL BOUNDARY? If not in county jurisdiction, then county has written approval from non-entitlement city for doing a CDBG BA project within city limits?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No
ALL CDBG PROJECT COSTS ARE ELIGIBLE PER BA CHAPTER AND GUIDELINES?	<input type="checkbox"/> Yes <input type="checkbox"/> No

**STATE OF CALIFORNIA
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) LOAN CERTIFICATION
FOR BUSINESS ASSISTANCE (BA) PROJECT**

CDBG FEDERAL OVERLAY REQUIREMENTS	
HAS A CORRECT CDBG NEPA REVIEW BEEN COMPLETED ON FULL SCOPE OF PROJECT?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Is Original signed Environmental Review Record (ERR) in the project file?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Was Department Authorization to use grant funds required for ERR?	<input type="checkbox"/> Yes <input type="checkbox"/> No
DOES THE PROJECT TRIGGER FEDERAL LABOR STANDARDS MONITORING?	<input type="checkbox"/> Yes <input type="checkbox"/> No
<i>If YES, Jurisdiction has designated staff as a labor standard compliance officer, who will submit request for federal wage determination to the Department?</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No
DOES THE PROJECT TRIGGER FEDERAL RELOCATION REQUIREMENTS?	<input type="checkbox"/> Yes <input type="checkbox"/> No
<i>If YES, did Jurisdiction hire Relocation Specialist and submit draft relocation plan to Department?</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No
DOES THE PROJECT TRIGGER FEDERAL ACQUISITION REQUIREMENTS?	<input type="checkbox"/> Yes <input type="checkbox"/> No
<i>If YES, has the proper seller acquisition disclosure been executed for project file?</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No
PROJECT FILE CONTAINS DOCUMENTATION OF COMPLIANCE WITH FEDERAL DEBARRED REQUIREMENTS?	<input type="checkbox"/> Yes <input type="checkbox"/> No
PROJECT FILE CONTAINS BUSINESS OWNER CERTIFY THAT THERE IS NO CONFLICT OF INTEREST?	<input type="checkbox"/> Yes <input type="checkbox"/> No
DOES THE BUSINESS' PROPOSED PROJECT INCLUDE ANY JOB PRIATING?	<input type="checkbox"/> Yes <input type="checkbox"/> No
<i>Is Signed Certification of No Job Pirating in Project file?</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No

CDBG / HUD SIX UNDERWRITING STANDARDS	
<i>CDBG business assistance loans must document that they meet the six CDBG HUD underwriting standards below. See BA Chapter in Department's Current On-Line Grant Management Manual for further guidance or contact HCD Rep.</i>	
1) PROJECT FILE HAS VERIFICATIONS OF THE REASONABLENESS OF ALL PROJECT COSTS?	<input type="checkbox"/> Yes <input type="checkbox"/> No
<i>If NO, a special condition must be in loan approval to not allow CDBG loan closing until all costs are verified as reasonable.</i>	
2) PROJECT FILE HAS VERIFICATION OF ALL PROJECT FUNDING COMMITTED?	<input type="checkbox"/> Yes <input type="checkbox"/> No
<i>If NO, a special condition must be in loan approval to not allow CDBG loan closing until full funding is in place.</i>	
3) PROJECT FILE HAS VERIFICATION THAT, TO THE EXTENT PRACTICABLE, THERE IS NO SUBSTITUTION OF PUBLIC FUNDING?	<input type="checkbox"/> Yes <input type="checkbox"/> No

**STATE OF CALIFORNIA
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) LOAN CERTIFICATION
FOR BUSINESS ASSISTANCE (BA) PROJECT**

4) PROJECT FILE HAS VERIFICATION OF UNIVERSAL CASH FLOWS EXPECTED AFTER INVESTMENT OF CDBG FUNDS SHOWING FINANCIAL FEASIBILITY?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5) PROJECT FILE HAS VERIFICATION THAT, TO THE EXTENT PRACTICABLE, THE CDBG LOAN FUNDS DO NOT PROVIDE UNDUE ENRICHMENT TO THE BUSINESS OWNER(S)?	<input type="checkbox"/> Yes <input type="checkbox"/> No
6) PROJECT FILE HAS VERIFICATION THAT, TO THE EXTENT PRACTICABLE, DISBURSEMENT OF CDBG FUNDS WILL BE ON A PRO-RATA BASIS WITH OTHER PROJECT FUNDS?	<input type="checkbox"/> Yes <input type="checkbox"/> No
LOAN DISBURSMENT SCHEDULE IS IN PROJECT FILE?	<input type="checkbox"/> Yes <input type="checkbox"/> No

BUSINESS OWNER UNDERWRITING AND PROJECT COLLATERAL ANALYSIS	
IS A PERSONAL FINANCIAL ANALYSIS DONE FOR EACH OF THE BUSINESS OWNERS, WITH 20% OR MORE INTEREST IN THE BUSINESS OR WITH MATERIAL CONTROL OF BUSINESS?	<input type="checkbox"/> Yes <input type="checkbox"/> No
DOCUMENTATION OF CDBG LOAN COLLATERAL IS IN PROJECT FILE?	<input type="checkbox"/> Yes <input type="checkbox"/> No
LOAN DOCUMENTS SECURITIZE COLLATERAL, NATIONAL OBJECTIVE AND OTHER CDBG REQUIRED COMPLIANCE?	<input type="checkbox"/> Yes <input type="checkbox"/> No

SIGNATURE OF JURISDICTION AUTHORIZED REPRESENTATIVE	
Authorized Representative has read and certifies all information in this loan memo is true and correct, to the best of their ability.	
<p>I hereby certify under the penalty of perjury that all the information contained in this request for funds (including all supporting documentation) is true and correct. I understand and acknowledge that making false statement on this certification, including any documents submitted in support of it, is a crime under federal and California state laws, which may result in criminal prosecution.</p> <p>PRINT NAME OF AUTHORIZED REPRESENTATIVE: _____</p> <p>TITLE: _____</p> <p>SIGNATURE: _____</p>	<p>DATE: _____</p>