

RESOURCE: City of Morganton

TYPE: CDBG Small Business Loan Program

FUNDING RESOURCE

WEBSITE: <http://www.ci.morganton.nc.us/index.php/departments/development-a-design/550-cdbg-small-business-loan-program>

CONTACT: Lisa Helton, Program Administrator lisa.helton@wpcog.org
828-485-4281
City of Morganton Development & Design Department Office
305 E. Union Street, Morganton, NC



OVERVIEW: The City of Morganton Community Development Block Grant (CDBG) Small Business Loan Program (SBLP) is a competitive, low interest loan program offering between \$5,000 and \$30,000 for new or expanding small businesses in the City limits of Morganton, North Carolina that employ individuals that meet low to moderate-income criteria. Funds may be used by small business owners for a variety of purposes to encourage small business entrepreneurship. The SBLP is funded through a portion of the City of Morganton's annual Community Development Block Grant (CDBG) Entitlement Program, provided by the U.S. Department of Housing and Urban Development (HUD). The loan will be set at a 4% interest rate for five years with a monthly payment due by the first of each month to the City of Morganton. If the business maintains a good standing on the loan and completes its original business plan, 50% of the principal will be forgiven after 5 years.

Eligibility

- Assisted business owners must show experience in similar business ventures or provide evidence of certification through the community college or similar institution.
- Only businesses that primarily employ people with low to moderate -incomes are eligible for funding. Low to moderate -incomes eligibility is determined by using household income guidelines established annually by HUD. (51% of the total new employees of the business must fall within the low to moderate -income range.
- Home-based businesses or occupations may be eligible for SBLP funding, as long as the activities of the business are eligible under existing city ordinances and regulations and have potential to impact or benefit the entire city.
- SBLP funds are available to qualified businesses citywide, but priority will be given to businesses that comply with City Long term planning goals identified through the Adopted Mission 2030 plan, or located within target areas where other city programs are taking place such as redevelopment areas, downtown areas or areas in need of reinvestment such as DIG Zones or Urban Progress Zones.
- Applicant must be a citizen of the United States and proposed business must be located with the city limits of Morganton.

Eligible Uses- CDBG funds may be used for a variety of activities, some of which include:

- Purchase of land or buildings
- Building construction
- Building renovation
- Up-fit tenant improvements
- Purchase capital equipment to conduct the business
- Purchase of inventory necessary for project start-up
- Working Capital

Ineligible Uses The following activities may not be assisted with CDBG funds:



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- Governmental uses or expenses
- Political activities
- Personal property

APPLICATION PROCESS:

Applicants must complete and submit a SBLP funding application to the City's Development and Design Department. Applications will be reviewed by the City's Small Business Loan Program Advisory Council, a group appointed by the City Council to review and approve the SBLP funded programs and activities. The Advisory Council will meet after the application is received and review the application. SBLP applicant finalist will be asked to present their request for funding before the Advisory Council prior to any funding decisions.

Review Process

The Advisory Council will convene to make funding decisions within 30 days after reviewing the SBLP applications and hearing presentation, when appropriate. Applicants will be notified of their application's approval or rejection and funding amount, by the Development and Design staff. The terms of the CDBG SBLP loans and payment amounts will be determined on a case-by-case basis, in consultation with Development & Design staff. CDBG loans will require a collateral or personal guarantee, deemed appropriate by the advisory council. Further financial information may be required after approval to determine loan repayment terms.

HUD Income limits per household for Hickory, Morganton, Lenoir MSA:

- 1 person = < \$28,650
- 2 persons = < \$32,750
- 3 persons = < \$36,850
- 4 persons = < \$40,900
- 5 persons = < \$44,200
- 6 person = < \$47,450
- 7 persons = < \$50,750
- 8 persons = < \$54,000

Applications should be submitted to:

City of Morganton Development & Design Department Office-
305 E. Union Street, Morganton, NC
Attention: Lisa Helton, Program Administrator 828-485-4281

City of Morganton
Community Development Block Grant Entitlement Program
Small Business Loan Program
CDBG Program Application

Name of Applicant: _____
Name of Business: _____
Applicant's Address: _____
Business Address: _____
Telephone: _____ Fax: _____ Email: _____
Tax ID#: _____ Social Security #: _____
DUNS # _____ (If you don't have one go to www.dnb.com to get one) **Required!!**

Type of Business: (check one)

- Sole Proprietor
 Partnership (*Attach list of partners*)
 Corporation (*Attach list of current Board of Directors*)
 Limited Liability Corporation (*Attach list of any additional persons involved with Corporation*)
 Others (*Please describe*) _____

Amount of Request for CDBG Small Business Loan Funds \$ _____

Total amount of funds contributed by the business and/or other funding source: \$ _____
(*Describe funding source*) _____

Total Number of Low/Moderate Income jobs to be created: _____

Please check one:

- Business owner currently meets the HUD criteria as a low to moderate-income person
(*Attach applicant's latest tax return or other supporting documentation*)
 Business will primarily employ persons that meet the HUD criteria as a low to moderate-income individual
(*Attach a statement that indicates the business will provide supporting documentation after the hiring of low to moderate income individuals*)

Describe the activity or items to be funded with CDBG funds, including a budget indicating a breakdown on how the CDBG funds will be used.

Please check one:

- New/Start-up Business (*Include a statement or narrative of the business revenues, expenses and income, and marketing plan*) *Attach information requested on separate page(s)*
 Expanding Business (*Include a statement or narrative of the current and proposed business*)

revenues, expenses and income, and marketing plan. Include an up to date business plan) Attach information requested on separate page(s)

What other funding sources have you sought to obtain for the financial needs of your business? Please describe.

Is the applicant willing to provide quarterly cash flow statements to the Advisory Council for a period of two(2) years?

Circle One: YES NO

Is the applicant willing to authorize the City of Morganton to obtain credit reports to determine credit worthiness? *(Authorization sheet included in application)*

Circle One: YES NO

Describe the business location and the ability to obtain the necessary permits for the operation of the business at that location.

List three(3) persons that can be contacted for references by the CDBG staff. *(Include name, address & phone number)*

Submitted By: _____

Typed Name

Title

Signature Date

Signature

Date

Name of Business

Name of Business

City of Morganton
Community Development Block Grant (CDBG)
Small Business Loan Program

Consent for Release of Information/Records

I/We, hereby give my/our consent for the City of Morganton to receive any requested information related to educational, employment, wages, credit history, medical, and/or legal.

I authorize the release of any information in reference to my application for the Small Business Loan Program for the City of Morganton CDBG Program.

I understand that with this consent, there are statues and regulations protecting the confidentiality of authorized information. I hereby acknowledge that this consent is required and is valid until such requested information has been obtained. This authorization is valid for one (1) year from the Borrower's signature date.

Borrower's Printed Full Name

Co-Borrower's Printed Full Name

Borrower (signature) Date

Co-borrower(signature) Date

Social Security Number

Social Security Number

Date of Birth

Date of Birth

Mailing Address

Mailing Address