



- Economic Development
- Access to Capital
- Portfolio Management
- Housing Rehabilitation
- Infrastructure Development
- Energy Assistance
- Home Weatherization
- Community Development
- HIV/AIDS Assistance
- USDA Food Commodities

ED - Eligibility Requirements

Microenterprise Programs Loans: The Microenterprise financial assistance activity includes funding for loans, as well as grant funding in certain jurisdictions. Business assistance loans may be awarded up to \$50,000. Microenterprise financial assistance loans and grants are a source of flexible, non-traditional financing. A microenterprise business is a business having five (5) or fewer employees, including the owner(s). All employees, part time and full time, on the business payroll at the time of loan application will be counted. Microenterprise business owners must be income eligible (see attached chart), which means the family income must be at or below current published HUD income limits for the county.

Grants: Small grants of up to \$10,000 are available to eligible new and existing microenterprise businesses. The microenterprise business must be participating in the Grantee's or other agency's technical assistance program and the grant funds may be provided only upon completing of those technical assistance activities. The grants are designed to complement the training provided by the Grantee. Technical assistance activities focus primarily on development of business/marketing plans and financial management capacity building. A good use of grant funds are: 1) payment of marketing cost such as business cards, logo/branding design and development, flyers and publication/advertisement, website enhancement or development; 2) payment for computers and/or software to implement improved financial/accounting systems or software systems to assist with inventory and/or billing; 3) rent (**four months maximum**); 4) credit card fees, associated with the businesses credit card machine; internet fees; 5) upgrade of register/inventory system; 6) working capital. An applicant cannot receive both a grant and a loan with this program. Grant applicants must follow the same application process with review and approvals. Grant applicants are subject to review and award analysis of the financial feasibility of the business and personals financial health of the business owner. Grantors must be income eligible according to HUD's limits.

Business Assistance Loans: The Program has no maximum loan amount. Generally loans are anticipated to be below \$200,000 per applicant. The Department requires that loans in excess of \$250,000 must be formally approved by the Department's Loan Committee (LC). This LC approval typically adds 60 to 90 days to the loan approval process. Loan applicants for this Program must be an existing legal business or an established or a start- up, with a proper local business license, proper insurance, and required permits per state and federal requirements.

All projects under this program must meet a CDBG "*national objective*". The most common the national objective used for projects under this program is the benefit to low moderate income individuals (LMI). Low and moderate income persons benefit when an assisted business provides or retains jobs for them. Projects proposing job creation benefit must document that fifty one percent (51%) of the new jobs created are provided to LMI persons after investment of CDBG funds. If the loan applicant is proposing to retain jobs, then the Lender must document that over fifty one percent (51%) of the existing job positions are held by LMI persons at the application stage and after investment of CDBG funding.

Because a for-profit business is receiving public funds under this program, CDBG regulations also require documentation of "*public benefit*" to justify the use of public funds. CDBG public benefit standards set limits on the amount of CDBG funds provided to eligible for profit businesses. The amount of CDBG funding for projects is restricted by state regulatory maximum of \$35,000 per job. So, for each permanent full time equivalent (FTE) job position created or retained, a business can receive up to \$35,000. Per state CDBG regulations, two part time staff may be combined to make up one FTE. The state regulations stipulate that 1,750 or more annual staff hours equals one FTE job position and 875 hours or more per year constitutes a part time job position.

The loans are low interest. Eligible uses for the loan programs are purchase of inventory & equipment, working/operating capital, furniture & fixtures, refinancing of existing debt and in some cases, which must be pre-approved by the State, construction and rehabilitation and building purchases. Existing and/or new business may apply. Businesses must have a current business license and location within the city limits.

Great Northern Services (GNS)

780 S. Davis Avenue • P.O. Box 20 • Weed, CA 96094 • (530) 938-4115 • Fax (530) 938-1040 • www.gnservices.org