



COVID-19 CDBG EMERGENCY BUSINESS ASSISTANCE FORGIVABLE LOAN PROGRAM INFORMATION SHEET

BACKGROUND

The City of Middletown is offering businesses located within the City low- interest forgivable financing through the newly formed Small Business CARES program. This unique financing tool offers forgivable loans to small businesses operating in the City of Middletown that have been negatively affected by the outbreak of the COVID-19 virus. Businesses must demonstrate hardship caused by the COVID-19 virus outbreak in order to qualify for financing.

HOW IT WORKS

Under this program, the City will provide emergency micro-loans to businesses negatively affected by the COVID-19 outbreak. Businesses with twenty-five (25) or fewer employees are eligible to apply for funds, which will be used to pay for normal businesses expenses that have been made more difficult due to declining revenues caused by the COVID-19 outbreak. Businesses may apply for up to \$10,000 in funds under this loan program. Businesses must have a physical location in the City of Middletown and have experienced a loss of income due to COVID-19. Funding is limited and applications will be accepted November 16, 2020 – November 20, 2020 in house. Funding will be granted based on scoring sheet attached.

INTEREST RATE

The CITY will be offering COVID-19 Emergency forgivable loans. This loan will have a three- year term at a 0% interest rate. If your business is able to retain at least ONE low- or moderate-income employee for the first three months after the receipt of loan funds then the loan will be completely forgiven.

If your business is unable to provide such documentation, it will not be deemed to have met the requirements to enable it to be forgiven, however repayment will be deferred for the first twelve (12) month period after the loan is administered. Businesses will begin monthly loan repayments on month 13.

After repayment begins, businesses shall have two (2) years (Twenty-four (24) months) to complete full repayment of the loan.

ELIGIBILITY

This program is targeted to small businesses who meet the following criteria:

1. Less than 25 employees
2. For profit entity
3. Commitment to hiring or retaining at least one employee from a low to moderate income household, including the owner of the business
4. Must be operated outside of the home and in the City of Middletown limits
5. Must be current on all City and County taxes
6. Following industries are NOT eligible:
 - a. Sexually oriented businesses
 - b. Businesses that primarily sell tobacco or tobacco related products
 - c. Financial institutions making credit or loans
 - d. Franchises

Small businesses, meeting the criteria stated above, that have experienced 20% or more loss in revenue due to the COVID-19 outbreak are eligible to apply for this emergency loan. Funds may be used for operating expenses, for running day to day business operations including but not limited to covering payroll and rent.

Loan funds are for commercial purposes only. Funds cannot to be used for equipment purchases, construction or expansion related costs.

LOW TO MODERATE INCOME JOB REQUIREMENTS

To meet the threshold for this loan there must be sufficient documentation that the jobs would have been lost without the loan assistance. This will include the certification provided by completing the ***Income Verification Form*** for each low/moderate income employee included with the application.

The CITY requires either that (i) a business owner submitting the application for the loan must be a low/moderate income individual or (ii) the business must provide evidence that at least one (1) low/moderate income employee is being retained.

DUPLICATION OF BENEFITS AFFIDAVIT

The City of Middletown is a CDBG grantee and, as such, must establish and maintain adequate procedures to prevent any duplication of benefits. A duplication of benefits occurs when a person, household, business, government, or other entity receives financial assistance from multiple sources for the same purpose, and the total assistance received for that purpose is more than the total need for assistance.

Grantees must check to see that subrecipients, assisted individuals or families, businesses, and other entities that receive CDBG assistance have not previously received, or will not receive, duplicative assistance from another source before CDBG assistance is provided. The City of Middletown is accomplishing this duplication of benefits analysis by requiring these entities and beneficiaries to provide a self-certification indicating that they have not received, and do not

reasonably anticipate receiving, a duplicative benefit, and requiring them to list potentially duplicative assistance that they have already received, or reasonably anticipate receiving. Please complete the ***Duplication of Benefits Affidavit*** included with the application.

APPLICATION PROCESS

Please note, this loan program and any specific loans are contingent upon the availability of funds. If at any time, this funding source is depleted, this loan program and any commitments to fund specific loans may become null and void.

QUESTIONS

Please contact Ida Hawkins with any questions or comments at 513-425-7950 or by email at idah@cityofmiddletown.org.