

COVID-19 SMALL BUSINESS ECONOMIC SUPPORT FUND GUIDELINES - The City of North Little Rock is re-opening the application portal for the COVID-19 Small Business Economic Support Fund. This is a temporary gap-financing program intended to stabilize local businesses and retain jobs. The program is made possible with funding provided through the Department of Housing and Urban Development's Community Development Block Grant – Coronavirus (CDBG-CV). The primary objectives of the program are to assist Small Businesses and Low to Moderate Income (LMI) Persons. Please review all requirements.

HOW TO APPLY: FIRST, SUBMIT APPLICATION ONLINE. THEN, WITHIN FIVE (5) BUSINESS DAYS, DROP OFF REQUIRED DOCUMENTS AT CITY HALL AS INSTRUCTED BELOW.

ELIGIBLE APPLICANTS

- To qualify, any business applying must meet HUD Low to Moderate Income (LMI) eligibility requirement in one of three ways:
 - o Microenterprise owner/applicant's business has no more than 5 employees, including owner, and owner's personal household qualifies as low to moderate income (LMI) household; OR
 - o Small business owner/applicant can commit to retaining at least one full-time equivalency (FTE) job held by an employee from a LMI household for three months after receipt of loan funds AND can document that job would have been lost if loan assistance was not provided. At least 51% of retained jobs must be held by LMI employees; OR
 - o Small business is located in and primarily provides goods or services to a predominately LMI residential neighborhood (like a corner grocery store).
- Business must be located within North Little Rock city limits
- Must be 51% locally (resident of Arkansas) owned business
- Applicant should be majority owner; however, all owners will be required to co-apply and sign agreement
- For-profit business with 20 or fewer employees (unless qualifying as microenterprise with 5 or fewer employees, including owner, as outlined above)
- Must have documented loss of business income due to COVID-19
- Must demonstrate need for loan and plan to use the funds
- Must have been in business a minimum of two years prior to application date
- If owner of multiple North Little Rock businesses, may apply for only ONE business
- Business must be in operation at time of loan closing
- Applicant must be 18 years or older
- Owner/Applicant is current with property taxes, City business license fees, and A&P fees, if applicable or has a payment plan in place with County and/or City as of March 30, 2020
- Must not have a conflict of interest with the City of North Little Rock

INELIGIBLE APPLICANTS

- Businesses located outside the North Little Rock city limits
- Nonprofit organizations
- Business. ownership or partners currently undergoing bankruptcy proceedings
- Owner/business listed as excluded on the Federal Debarred List (Sam.gov)
- Business ownership or partners that have been subjected to criminal or civil fines or penalties
- Cannabis businesses - Use and possession of cannabis is illegal under federal law for any purpose. Although cannabis businesses are permitted in the City of North Little Rock, this is a federally funded program; therefore, cannabis businesses are not eligible.

ELIGIBLE USES OF FUNDS

- Funds may only be used for the following expenses:
 - o Payroll
 - o Rent for business
 - o Utilities for business
 - o PPE Supplies such as masks, sanitizer
- Must submit documentation (receipts/cancelled checks, etc.) of how loan funds are used

TERMS

- Forgivable Loan if requirements are met; deferred payment at 0% interest until end of 3 month employee retention period and/or all submission of all receipts by year end, two year repayment period
- Amount of Loan - Up to \$10,000
- Minimum request - \$5,000
- Uses of funds are restricted and documentation of expenses must be provided
- One-half of loan amount will be paid upon approval. Must submit documentation of eligible expenses paid to receive remaining balance of loan. Then must submit documentation of final expenses paid.
- Must provide any further documents requested by City or HUD within 5 business days
- Must certify to no duplication of benefits
- Must agree to subrogation/repayment to City if other assistance received for expenses submitted to City
- Must agree to notify City immediately upon receipt of other assistance

REQUIREMENTS FOR FORGIVENESS OF LOAN

- If microenterprise, provide eligible LMI documentation and demographic data for business owner.
- If small business, provide evidence (in the form of payroll records) of job retention of LMI employee for at least three months and documentation that job would be lost without loan assistance.
- If small business, meet LMI area benefit.
- Provide income certifications and demographic data for retained LMI employee(s).
- Provide other documentation of income requirement and/or need of assistance.
- Must provide receipts, cancelled checks, etc. for all uses of loan funds.
- Must allow City to collect third party documentation of income and/or financial information.
- Must allow City to monitor business performance and progress.
- Must meet all requirements of written agreement.

REVIEW PROCESS

- Minority, woman, and/or disabled veteran owned businesses will be given priority.
- Set-aside of 20% of loan funds will be reserved for above categories of applicants.
- Remaining eligible applications from minority, woman, and/or disabled veteran owned businesses will be considered without priority.
- Businesses that have not received any other federal or state assistance will be given priority.
- Applications will be reviewed by a committee.
- Applications will undergo underwriting.

DOCUMENTATION – WITHIN FIVE (5) BUSINESS DAYS OF YOUR ONLINE APPLICATION SUBMISSION, DELIVER THE FOLLOWING ITEMS IN A SEALED ENVELOPE TO CITY HALL, 300 MAIN STREET, NORTH LITTLE ROCK, AR 72114, MONDAY THROUGH FRIDAY, 9:00-11:00AM OR 1:00-3:00 PM. WRITE “SMALL BUSINESS LOAN”, BUSINESS NAME AND PHONE NUMBER ON FRONT OF ENVELOPE BEGINNING JULY 20TH, 2020.

- Tax ID # Documentation (letter from IRS or tax return)
- Sam.gov CAGE Code# (free service - if not currently registered, must obtain before loan award)
- DUNS# Documentation
- W-9 Form
- City of NLR Business License (must have current year license)
- Copy of driver’s license

YOU WILL THEN BE CONTACTED REGARDING ADDITIONAL DOCUMENTATION REQUIREMENTS, SUCH AS:

- 2018 and 2019 Tax Returns (Federal only)
- Profit and Loss statement for 2019 and through June of this year
- Bank statements (last two months)
- Payroll register and records
- Other underwriting documentation (such as business financial documents, budget, business plan, accounts payable register, etc.)
- Proof of income eligibility
- Income verification forms (will be provided to applicant)
- If applicant less than 100% owner, provide documentation of structure of business ownership, principals, operating agreement, etc.
- Verification of good standing with Secretary of State (if applicable)
- State of Arkansas Sales and Use Permit # (if applicable)
- Copy of liability insurance (if applicable)
- Job Retention documentation
- Planned uses of loan funds (bills, invoices, cancelled checks)
- Duplication of Benefits – owner certification that no assistance received
- Demographic Information – race, ethnicity, female head of household, disabled, etc.
- Written agreement will be executed between City and business

GENERAL

- Funding is limited.
- Not all who apply for a loan will be approved.
- Any and all taxes associated with acceptance and/or uses of funds awarded are sole responsibility of applicant/business. Contact IRS or tax adviser for tax questions.
- Must certify that business is promoting best interests of the NLR community by participation in this program.
- Full-time Equivalency (FTE) position = 40 hours per week
 - o May be met with combination of Part-time positions combined for 40 hours per week
- Low to Moderate Income = 80% of Area Median Income
 - o Based on number of members in household
 - o HUD Income Charts used are updated annually, and subject to change at any time
 - o Total Household Income from all Household Members is Included
 - o Current limits listed below

# Members	1	2	3	4	5	6	7	8
Income Limit	\$40,450	\$46,200	\$52,000	\$57,750	\$62,400	\$67,000	\$71,650	\$76,250
FY2020 HUD Income								