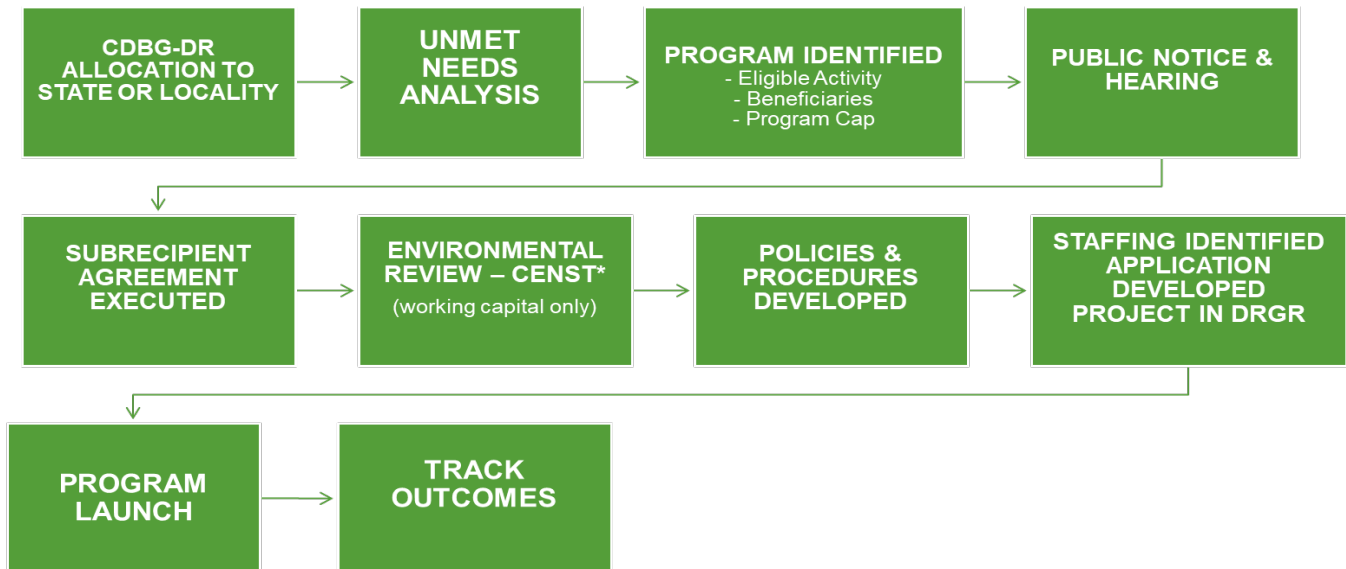


Operationalizing a Business Grant/Loan Program

Program Process Flow:



Documenting National Objective:

- LMI area benefit – if business service area is 51% or more low mod.

Program Design:

- How to decide between a business grant versus business loan program?
 - Applicants are more likely to apply for grant.
 - Loan programs require ongoing monitoring which will have longer term staffing consideration.
 - Loan programs will need to account for staff capacity to manage program income.
- Working Capital versus Rehabilitation
 - Rehabilitation requires a higher level of environmental review.
 - Working capital will allow faster expenditure of funds since it does not trigger environmental review or Davis Bacon requirements.

Flexibilities and Requirements:

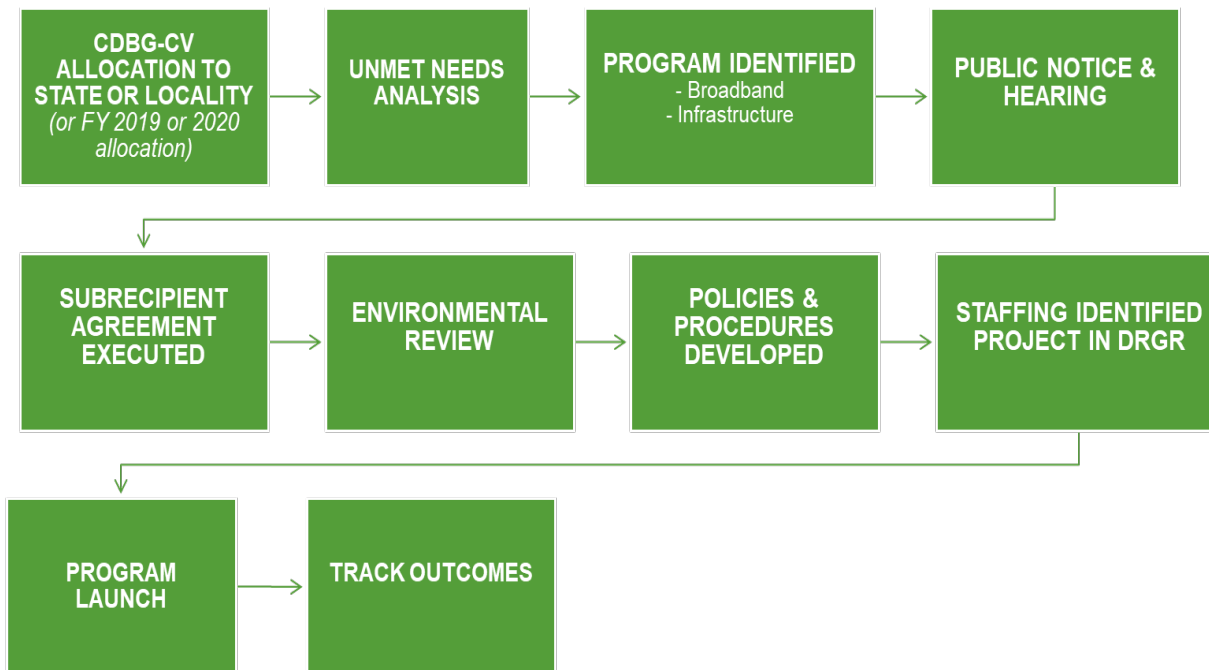
- [Employees and potential employees can self-certify for Section 3.](#)
- May use income of job to qualify for Section 3 (The worker's income for the previous or annualized calendar year is below 80% AMI)
- Additional resources: [Section 3 Resource Information](#)
- Requirements:
 - Underwriting required.
 - Duplication of Benefits analysis required.
 - Public benefit requirement modified

Other Potential Funding Sources:

- Economic Development Agency (EDA) – Disaster Grants/Revolving Loan Funds
- Small Business Administration (SBA) – Disaster Loans

Assistance to Microenterprises

Program Process Flow:



Microenterprise Support:

- Microenterprise is a commercial enterprise with five or fewer employees, one or more of whom owns the enterprise.
- Special flexibilities for serving this subset of the business community.
 - [570.482\(c\)\(1\)](#) – States
 - [24 CFR 50.201\(o\)](#) – Entitlements

Documenting National Objective:

- LM Limited Clientele – if owner is LMI (eliminates the need to track job creation/retention).
- LM Jobs – if the owner is not LMI.

Program Design for Microenterprise Program:

- Identify and research target market.
 - What geographic area will the program serve?
 - What types of businesses are essential to the area?
- Determine technical assistance and credit needs of target businesses.
 - What types of credit services are most needed?
 - Who will train and support businesses in underserved market segments?
- Determine how you will design the microenterprise program.
 - Will you provide funding through a grant or loan?
 - Will you have technical assistance available to program participants? Applicants?
 - Will you provide childcare, transportation services, etc. to support employees?

Other Potential Funding Sources:

- U.S. Department of Agriculture (USDA) – Rural Development Microenterprise Assistance Program
- Treasury – funding for Community Development Financial Institutes (CDFIS)
- Economic Development Agency (EDA) – revolving loan funds