



COMMUNITY DEVELOPMENT BLOCK GRANT

ECONOMIC DEVELOPMENT INITIATIVE



ECONOMIC DEVELOPMENT AND HOUSING DEPARTMENT
OFFICE OF ECONOMIC DEVELOPMENT

For more information, please contact:
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<http://www.ggcity.org/econdev>

GARDEN GROVE MicroBiz PROGRAM



PROGRAM ELIGIBILITY

- New or existing businesses located in Garden Grove
- Business must be a microenterprise with 5 or less employees
- Business must have applicable licenses, permits, and insurance
- Business owner needs to be low-income or hiring someone who is low-income per the household income limits below:

INCOME LIMITS BY NUMBER OF PERSONS IN HOUSEHOLD

Total Annual Household Income for Low Income (80%)	1	2	3	4	5	6	7	8
	\$88,400	\$101,000	\$113,650	\$126,250	\$136,350	\$146,450	\$156,550	\$166,650

Income limits are provided by the California Department of Housing and Community Development (HCD) and are subject to change without notice

SPECIALIZED TECHNICAL ASSISTANCE

- Assessments from experienced business advisors
- Business planning and counseling
- Financial management and budgeting
- Workforce development
- Sales and marketing
- Technology

BUSINESS EXPANSION LOAN

- Up to \$50,000 loan
- 2-5 year repayment term
- Low-interest loan
(see City's website for details)

CITY CONTACT:

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PROGRAM WEBSITE:

[ggcity.org/
neighborhood-improvement/microbiz](http://ggcity.org/neighborhood-improvement/microbiz)

APPLY:

apply.ggcity.org



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Introduction

The City of Garden Grove (“City”) established the MicroBiz Program (“Program”) to stimulate economic growth through job creation/retention activities aimed at improving living conditions for residents throughout the community. The Program provides affordable, non-conventional financing to eligible small businesses. The Program Guidelines are in conformance with the U.S. Department of Housing and Urban Development (HUD) regulations pertaining to the use of Community Development Block Grant (CDBG) funds.

Microenterprises with five or fewer employees will be prioritized for funding. Funding under this Program is available to all eligible businesses located within the City of Garden Grove. Applicants must be an existing legal business located within Garden Grove with a valid City business license, insurance, and all applicable required permits. Start-up or new businesses are eligible to apply, but possession of proper licenses, permits, and insurance, will be a condition of funding.

I. Program Requirements

1.1 Eligible Loan Activities

CDBG funds under this Program are restricted to certain eligible costs including, but not limited to, the following:

- Working capital (including inventory, business license and building permit fees, and payroll reimbursement);
- Purchase of equipment integral to the operation of the business (bolted down/real property, without installation costs);
- Refinancing or consolidating existing debt that is on unreasonable terms;
- Reimbursement of soft costs for insurance, legal or accounting expenses.

In most cases, funds will be disbursed as an advancement of funds, or direct payment of vendor/ contractor invoices, as eligible costs are verified. Funds under this Program are provided to eligible businesses as loans. CDBG underwriting (see Section 4.1) provides for greater flexibility for funding terms, lowered interest rates, and repayment terms. These flexible terms must be balanced by the Borrower and City with the obligation to meet CDBG and Program requirements.

1.2 Ineligible Loan Activities

The goal of this Program is to stimulate economic growth and create/retain high quality jobs for low and moderate income (LMI) individuals or within LMI areas. There are restrictions in how CDBG funds can be utilized, as well as certain ineligible expenses. CDBG funds under this Program will **not** pay for:

- Subsidy of interest payment on existing loans; Loans involving construction or rehabilitation activities;
- Loans which have the effect of relocating jobs from or to another jurisdiction;
- Loans for the purpose of investing in interest-bearing accounts, certificates of deposits or other investments not related to job creation/retention;
- Loans for purposes that would adversely impact the environment, historically significant properties, and non-renewable natural resources; and
- Loans, which would create a conflict of interest for any officer or employee of the City of Garden Grove.

1.3 Ineligible Applicants

Funds shall not be available for the following types of businesses:

- Speculative investment companies;
- Real estate investment companies;
- Lending institutions;
- Gambling operations;
- Non-profit organizations;
- Business not within the city of Garden Grove; and
- Businesses that are not owned at least 51% by a U.S. Citizen or Legal Permanent Resident.

1.4 Meeting a National Objective

All CDBG funded projects must meet a “National Objective” as described in the federal regulations (24 CFR 570.208). Use of funds under this Program must meet the National Objective of benefiting a LMI area or LMI individuals by satisfying the requirement of “Job Creation/Retention”.

Microenterprise Technical Assistance

The CDBG regulations provide the following definitions of a Microenterprise:

A “microenterprise” is a commercial enterprise that has five or fewer employees, one or more whom owns the enterprise.

“Persons developing microenterprises” means persons who have expressed interest in and who are, or after an initial screening process are expected to be, actively working toward developing businesses, each of which is expected to be a microenterprise at the time it is formed (24 CFR Part 570.201(o)(3) for Entitlements, and HCDA Section 105(a)(22) for States).

Microenterprise owners can meet the National Objective by qualifying under the limited clientele criteria for LMI benefit, if the business owner is LMI. If the owner is not LMI, then they can still comply by meeting the LMI job creation/retention criteria.

Job Creation/Retention

An applicant meets the Job Creation/Retention objective when the business in question uses Program funds to create or retain jobs, of which at least 51% will be held or made available to LMI persons. In order to meet this requirement, the Approved Business/Borrower shall comply with the following:

- a. Provide documentation of family household income levels of newly hired or retained employees to document that over half of them are qualified as LMI.
- b. Execute documentation committing to the creation of new jobs for LMI persons and describing the actions to be taken to ensure that LMI individuals receive first consideration for the jobs.
- c. Report that new jobs have been created/retained and filled by LMI individuals by submitting a self-certification form to be completed by each employee holding the new/retained positions.
- d. Provide documentation demonstrating that the job retention by the business would have been lost without the Program assistance, if applicable.

All employee information is confidential and will not be released unless disclosure is required by law.

1.5 Meeting Proper Public Benefit Requirements

CDBG regulations (24 CFR Part 507.209(b)) require that Economic Development related activities provide benefit to the public. For qualifying applicants under this Program, the following criteria is required:

Job Creation/Retention Loan

- a. One full-time equivalent (FTE) job must be created/retained for each \$35,000 in assistance provided;
- b. More than one (1) Part-time staff may be combined to make up one FTE; and,
- c. One FTE consists of 2,080 staff hours per year.

As with the National Objective requirement outlined in Section 1.4, the job creation/retention requirements will be a performance condition under the terms of a loan agreement between the City and Borrower at closing. The agreement requires that each business provide documentation through a quarterly or as needed certification process to identify job creation/retention has been achieved and maintained through the term of the loan agreement.

Each new hire, or retained position, must complete a Self-Certification Family Income Verification form. This form must be completed and provided to the City so that the demographic and income information can be included in the annual report submitted to HUD.

1.6 Technical Assistance Requirements

All loan applicants are required to receive a minimum of five (5) hours of business counseling. A needs assessment will be performed to determine the exact number of hours each applicant will be required to complete. All start-up businesses and those open for less than one (1) year will be required to receive ten (10) hours of business counseling from the Orange County Small Business Development Center (OC-SBDC).

The technical assistance component is designed to help entrepreneurs establish the basic skills needed to start and run a business with a specific focus on teaching applicants how to write a business plan and present a loan application. It includes one on one consulting, classes, workshops, lectures, and/or group meetings on topics such as self-esteem building; skill development; and training in accounting, budgeting, financial management, marketing, sales, business planning, technology, etc.

1.7 Other Federal Requirements

There are several other federal laws and regulations that are triggered by the use of CDBG funding. The City will require borrowers to comply with these CDBG regulations in conformance with standards set by HUD. Impacts these federal regulations will have on a proposed project will be explained to the borrower at the time of application.

Unique Entity Identifier (UEI), Insurance, & Federal Debarred List

All businesses participating in this Program will be required to obtain a UEI number. The UEI number is free and can be obtained online at <https://sam.gov>. In addition, and prior to funding, the City will require that each business be checked to confirm they are not on the federal debarred contractors list. Applicants will be required to obtain all proper licenses and insurance to operate legally within the community.

Other requirements related to CDBG funds

The Borrower agrees to comply with all other requirements associated with the use of CDBG funds, including but not limited to, Acquisition, Anti-Displacement, and Relocation provisions, Equal Opportunity and "Section 3" regulations, Contractor Eligibility and Certification provisions, and Procurement regulations (See Section 8).

Loan Underwriting Standards

In addition to documenting that the project meets CDBG public benefit standard, the project must also be documented as meeting six HUD underwriting standards, per federal regulation 24 CFR Part 570.209. These underwriting standards are required to document a minimum “due diligence” of the Lender and ensure projects are financially sound enough to meet public benefit and national objective standards (i.e. creation of new or retention of existing jobs). The six HUD underwriting standards are general, qualitative and are supported by commercial underwriting standards in Section 4 of these guidelines.

The Six Underwriting Standards are:

1. Proposed activity’s costs are documented as reasonable (typically, third party cost estimates);
2. All sources of funding for the proposed activity are documented with final commitments;
3. To the extent practicable, CDBG funds are not substituted for private (non-federal) funds;
4. Documentation that the proposed activity is financially feasible (based on cash flow projections to support jobs and debt service, etc.);
5. To the extent practicable, the return of the owner’s equity investment is not unreasonable (based on level of equity and proposed CDBG funding terms); and
6. To the extent practicable, CDBG funds are disbursed on a pro-rata basis with other financing provided for the proposed activity.

1.8 Special Considerations

Although all applications that meet the minimum requirements will be considered, preference will be given to those addressing one or more of the following:

- a. Microenterprises with five or fewer employees;
- b. Businesses demonstrating that funds are not available from other sources (e.g. SBA or bank financing);
- c. Proposed activities showing that the minimum requirements of job creation/retention will be exceeded while maintaining the ability to make loan payments;
- d. Businesses able to secure loan funds via collateral of equal or greater value than the loan amount;
- e. Complete an approved entrepreneurial training course or other businesses training; and
- f. Address an urgent need within the community.

II. Application Processing

2.1 Fair Lending Compliance

This Program will be implemented consistent with the City’s commitment to fair lending laws. No person or business shall be excluded from participation in, denied the benefit of, or be subjected to discrimination under any program or activity funded in whole or in part with Program funds on the basis of his or her religion or religious affiliation, age, race, color, ancestry, national origin, sex, marital status, familial status, physical or mental disability, sexual orientation, or other arbitrary cause. All personal information of applicants will be kept confidential unless disclosure is required by law.

2.2 Application Processing

Applications will be processed on a first-come, first-served basis. Applications will generally follow these procedures:

- a. Applicants are directed to the online application portal to complete a basic questionnaire to determine eligibility. Qualified Applicants may advance to complete a full online application if deemed eligible by the City's approved Program Operator. Applicants that do not meet eligibility requirements will be notified with an explanation of outstanding deficiencies.
- b. Complete loan applications will be reviewed by the City's approved Program Operator.
- c. Loan applications deemed complete by the Program Operator will require approval by the City's Internal Review Committee (IRC) for final funding recommendation.
- d. If necessary, a meeting and/or site visit will be conducted with the business owner(s) and City representatives to perform an inspection and confirm the location of the business/proposed activity and relationship to the required Program outcomes.
- e. The Program Operator will prepare a file comprised of the information required to evaluate eligibility. To complete an application for the **MicroBiz Program**, please visit: <https://apply.ggcity.org>

2.3 Application Review Process

The IRC will be comprised of at least three members. The Committee members can be from local financial institutions, the City, or other interested parties who have the professional capacity to review and evaluate commercial loan requests.

IRC meetings will be scheduled following the review and underwriting conducted by the Program Operator. The Program Operator is responsible for reviewing each application funding proposal and preparing recommendations of consideration by the IRC. If the application is approved, the proposed activity can proceed with closing.

If IRC approval is not achieved, the applicant will receive a written denial correspondence detailing the reason(s) for the denial. Denied applicants may take dispute resolution actions, per Section 2.5 of these Guidelines.

2.4 Applicant Confidentiality

The Program Operator and City representatives for this Program will not disclose any of the applicant's personal, confidential information as part of the approval process. All confidential information of businesses will only be disclosed to persons required to view the information as part of review and approval of the application. Notwithstanding the foregoing, records and information may be disclosed if required by law.

2.5 Dispute Resolution/Appeals Process

Any applicant requesting assistance through this Program has the right to appeal denial of their application. The appeal must be made in writing to the Economic Development and Housing Director or his/her designee within fifteen (15) calendar days of receiving notification that the application was denied. The Director or designee will issue a written decision within forty-five (45) calendar days of receiving the appeal. The Director's or designee's decision may be appealed to the City Council pursuant to Chapter 2.60 of the Garden Grove Municipal Code.

2.6 No Conflict of Interest Allowed

In accordance with Title 24, Section 570.611 of the Code of Federal Regulations, no member of the City Council and no official, employee or agent of the City, nor any other person who exercises policy or decision-making responsibilities in connection with the planning and implementation of the Program shall directly or indirectly be eligible to receive any benefits under this Program. Exceptions shall only be made as permitted, and in strict compliance with, Federal and California law.

2.7 Exceptions and Special Circumstances

Except as otherwise stated herein, the City may consider requests for an exception in special circumstances if doing so would further the City's progress in meeting its Economic Development goals consistent with CDBG regulations. A report on the request for an exception will be prepared, which shall contain a narrative, including the staff's recommended course of action and any written or verbal information supplied by the applicant. The City's Economic Development and Housing Director, or his/her designee, shall make a determination of the exception request.

Loan payments may, on a case-by-case basis, be deferred for a period of time to allow a start-up or expansion of a business to take place. This payment deferral determination is made by the Program Operator based on the break-even point of the business in the future and the ability of the owner to pay himself or herself a regular salary.

2.8 Closing Process

Upon approval, all required documentation for closing will be prepared by the City. The Applicant/Borrower shall sign all the necessary documents and agreements within 30 days of receipt. If signed documents are not received within 30 days, the application will be considered withdrawn. The Program Operator will prepare the closing documents, title and lien searches, and UCC-1 filings, if appropriate. All documents shall be approved as to form by the City Attorney and signed by the City Manager. Escrow companies may be used to close loans and secure liens.

III. Description of Awards

3.1 Loan Amount

The Program provides for applicants to consider a loan request.

- a. The loan amount shall not exceed \$50,000.
- b. The maximum loan amount for start-up businesses shall typically not exceed \$25,000. Start-up businesses are defined as businesses with less than one year of operating history (i.e. do not have a filed tax return for the business yet).
- c. Award amounts are determined based on the proposed uses of funds, jobs to be created or retained, the ability of the business to repay the loan, and the reasonableness of the costs to be paid for by the funds.

3.2 Funding Terms

The Program provides for flexibility with funding terms. Under application, the term will be determined by what is proposed to be funded and what security is being pledged for the funds. It will also take into account the use of proceeds, the useful life of the assets being financed, and the borrower's ability to

repay the loan. If a business is seeking operating capital, then the term of the loan is normally two (2) to three (3) years, up to a maximum of five (5) years. In appropriate circumstances, loan recipients may submit a written request to the City for loan forgiveness. The City has the sole discretion to approve or deny requests for loan forgiveness provided that Program goals are met.

3.3 Interest Rate

The interest rate for loans awarded under this Program will be based upon the underwriting analysis done by the Program Operator. The interest rate charged to a loan under this Program will be no lower than 3%, and the maximum interest rate will be no more than 75% of the current United States Prime Rate (<https://fedprimerate.com/>).

The interest rate charged to each borrower will be based on various factors of the business at the time of approval. Some of the factors that will be evaluated include:

- a. The amount of equity the business plans to contribute to the proposed activity;
- b. The ability of business to service the loan;
- c. The rate of return the borrower will receive with a lower interest rate; and
- d. The credit risk factors and management experience.

The City is offering an interest reduction incentive for businesses that meet the following criteria:

- a. Women-owned business.
- b. Minority-owned business, which includes: Black or African American, Hispanic or Latino, Asian, American Indian or Alaska Native, and Native Hawaiian or other Pacific Islander.
- c. Business owner is a Military Veteran.
- d. Operating a Garden Grove-based business longer than 5 years.
- e. Startup business whose gross receipts have increased by greater than 25% over the previous 6 months.
- f. Businesses located in CDBG eligible census tracts.
- g. Environmentally conscious business, which includes but is not limited to the following activities: Sustainable sourcing and supply chain, waste reduction, energy efficiency and renewable energy, product design and lifecycle, carbon footprint reduction, water conservation, ethical business practices, and employee and consumer engagement.

Businesses have an opportunity to reduce their interest rate if any of the characteristics outlined above apply. The applicant will be awarded a 1% reduction to their interest rate for each incentive they can verify, for a maximum reduction of 2%.

3.4 Funding Types

The funds offered under this program are loans that must be repaid. The amount of funding will be determined by the uses of funds, as outlined by the applicant in their request for funding.

Start-up Loans

Funding is available to businesses with little or no time in business. Start-up businesses are defined as businesses with less than one year of operating history (i.e. do not have a filed tax return for the business yet). The maximum loan amount for start-up is typically \$25,000 with exceptions considered on a case by case basis. Loan terms will be determined as outlined in Sections 3.2 and 3.3.

Expansion Loans

Funding up to \$50,000 is available to existing businesses who can demonstrate an operating history that supports loan repayment. A focus on job creation and an expansion of existing operations is preferred. Loan terms will be determined as outlined in Sections 3.2 and 3.3.

3.5 Modification

Modification requests will be reviewed on a case-by-case basis by the Internal Review Committee, and the final determination will be made by the Economic Development and Housing Director or his/her designee.

3.6 Fees

Borrower to pay a loan closing fee of two percent (2%) of the approved Loan amount to the RLF. All fees will be payable upon close of the transaction, or upon demand in the event that the loan does not fund but transaction fees have been incurred. Fees will be financed with Loan proceeds, unless otherwise instructed by Borrower and paid in cash, and will be deducted from gross loan proceeds.

IV. Loan Underwriting Standards

4.1 Initial Evaluation

Each business will be evaluated based on operation history as well as its future financial forecast. Specifically, the following questions will be asked of the applicant through the loan application process:

- a. Will the proposed activity meet a CDBG National Objective by creating or retaining jobs?
- b. Are the costs or expenses to be paid with the funds eligible expenses under the CDBG regulations?
- c. Is the business and its owner(s) credit worthy?
- d. Do they have good “character” (pay bills on time, collect on time)?
- e. Does the business have management capacity?
- f. Does the start-up have solid business plan and document market demand?
- g. Does the business have financial expertise to expand or start-up?
- h. Is the owner(s) contributing a reasonable amount of equity?
- i. Is the owner able to get conventional bank financing, if not, why not?
- j. Was the business financially viable in the past (net income covers expenses including debt)?
- k. Are there reasonable financial assumptions for future viability/success?
- l. Is there enough collateral available to secure the loan funds?

Based on responses and initial application review, a determination can be made about the strength of the applicant and likely success if given a loan/grant. After the initial review, the Program Operator will collect additional information that may be required for loan underwriting. The amount of documentation and detailed underwriting is based on size of the loan and type of business (existing or start-up) and whether the project will create or retain jobs. Additional documentation may be required to clarify special circumstances of the business. Below are some of the basic underwriting requirements for a typical applicant (Sections 4.2 – 4.5).

4.2 Credit Requirements

The City requires a credit report for all owners of the business with twenty percent (20%) or more ownership interest in the Business. For this Program, credit scores of 650 and above are generally considered acceptable credit.

4.3 Financial Information

In order to evaluate the credit-worthiness of each applicant, the City requires submittal of the following financial information:

Credit Bureau Report

Credit scores from the three primary reporting agencies (Experian, Trans Union, and Equifax) for all owners with 20% or more ownership interest in the business.

Federal Business tax return statements

Required for each Applicant who own 20% or more ownership interest in the business for the past three (3) years.

Business Financial statements

These statements include an Income Statement (Profit & Loss Statement) and a Balance Sheet for the most recent quarter end and should be prepared by the person normally responsible for doing the bookkeeping and finance management for the business. The City may require audited financial statements and applicants shall provide these to the City upon request.

Use of funds

Applicant must demonstrate how the Program funds will be used. This data gives a clear idea of the use of the loan/grant proceeds and its information must be reflected in future projections as described above.

Financial Projections

Two to three years of financial projections are required. Future projections must include how the City's loan will be repaid (if applicable), as well as showing the increased costs associated with hiring additional employees (if applicable). This will provide evidence of the benefit/increased profit the business will receive through the loan.

Using the information in these financial statements, along with any back up documentation required, the City will conduct an analysis of the project and the creditworthiness of the business per HUD required underwriting guidelines as outlined in Section 1.7.

Free and confidential business assistance is available through the Orange County - Small Business Development Center (OC-SBDC) and SCORE to prepare the documentation discussed in these Guidelines. For more information on available resources, please contact the City at Outreachbusinessgg@gmail.com.

4.4 Collateral

All loan requests under this Program may require collateral using normal commercial lending standards. Collateral coverage will be assessed based on assets available as security and the level at which liens already exist. The loan is typically in a subordinate position to banks and other lenders. It is the goal of the Program to get the best lien position possible to ensure loan repayments and program compliance. Types of collateral that may be used are listed below in preferential order:

- a. Personal Guarantee of all owners with 20% or more ownership
- b. UCC liens on vehicles, machinery, equipment, inventory, or other fixtures
- c. DMV specific liens on vehicles, as applicable
- d. Lease assignments, as appropriate
- e. Life insurance and other collateral, as appropriate
- f. Personal Guarantee of third parties (co-signer), as appropriate
- g. Corporate guarantees, as appropriate

Appraisal and/or third-party valuation of assets may be required as part of determining how to obtain the best lien positions for the loan. Equipment and inventory secured should be properly discounted to reflect actual resale value when doing loan to value calculations. As applicable, borrower shall provide and maintain hazard insurance on all real and personal property collateral for the loan.

4.5 Experience/Management Capacity

Applicants shall submit resumes of each of the principals detailing experience of business owners and their management staff in successful operation of the existing business or a comparable business. This will be most important with start-up businesses or with applicants that wish to use CDBG funds to purchase an existing business that is closing. Applicants shall also submit a Personal Financial Statement which outlines their personal financial situation and provides information on the personal resources they have to support the business operations and as a potential source of secondary prepayment for the proposed loan.

V. Loan Servicing

Servicing of loans will include monitoring payment performance, periodic reviews of the conditions of the loan, including but not limited to, financial data, job creation/ retention, collecting and posting payments, personal inspections and site visits, as deemed appropriate. For the first year following the closing date of the loan, the Borrower shall be required to submit quarterly financial statements to substantiate the expenditures of the loan proceeds and ensure that the conditions of the loan are being met.

Payments will be due on the 1st of each month. Borrowers will be given a grace period before late charges accrue. Late fee charges will be 5% of regularly scheduled payment or \$50.00, whichever is greater and will begin to accrue on the 10th day after the payment is due. After 10, 30, and 60 days of delinquency, a standard late payment notice will be sent to the borrower inquiring as to the reasons for the delinquency and encouraging prompt repayment according to the amortization schedule. A staff person will also be assigned to make personal contact with the borrower within 15 days. After 60 days of delinquency, or earlier, if necessary, staff will visit the site to inventory the collateral and to discuss with the borrower a plan to resolve the delinquency. During the first ninety (90) days of a delinquency, written and oral communication as well as site visits will be utilized to resolve the delinquency.

VI. Breach of Loan Agreement

The Agreement shall be considered in material default when payments are more than 90-days past due. In the event of a default, loan balance, interest, and late charges shall become due and immediately payable and the City shall promptly issue a notice of default to the business owner. The City may exercise its right to foreclose on the security on the funds after the date of default. If a default occurs on a loan, the amounts in default will incur interest at the rate of the then current United States Prime Rate (<https://fedprimerate.com/>), which will begin accruing on the date the notice of default is issued to the borrower.

In the event of sale or transfer of the business, closure of the business or refinancing, the remaining balance shall become due and immediately payable. In the event of a sale, transfer, or closure of the business the business owner, subject to the City's discretion, may have the option to continue making payments, pay off the loan, or transfer the loan to the new owner. For a transfer to be considered, the new owner must meet all eligibility requirements and possess sufficient collateral to securitize the remaining balance of the loan.

VII. Program Oversight

A representative of the City's Office of Economic Development will serve as the primary contact for Program implementation and administration. Upon approval, the Program Operator will prepare the loan package and coordinate submittal for review including but not limited to the following:

- a. Provide oversight regarding collection in the case of default, in conjunction with the City Attorney's Office;
- b. Complete the required HUD CDBG financial reports; and,
- c. Complete the proper quarterly and annual reports for review, approval, signature and submittal by the City to HUD.

VIII. Equipment/Material Procurement and Payment

Equipment Purchases

For approved loans, the Borrower will be responsible for obtaining bids, estimates, purchase orders and/or invoices to substantiate the determined cost of the equipment to be purchased with Program funds. The verification of cost will be submitted to the City, along with any supporting documentation (i.e. technical specs, make, model number, product description, etc.).

Working Capital

Approved loan proceeds may be applied towards working capital and inventory such raw materials, work-in-process goods and completely finished goods that are considered to be the portion of a business's assets that are ready or will be ready for sale. Approved loan proceeds are also available for use toward payroll reimbursement and general operating expenses.

- a. **Job Creation/Retention Loan** - At closing, the Applicant will receive one hundred percent (100%) of the approved loan amount. Performance requirement thereafter by each Applicant shall include the following:
 - Submittal of a monthly report detailing goods/services purchased with the loan proceeds until such time the entire loan balance has been accounted for.
 - At no time may funds be used to pay for ineligible goods/services. (See Section 1.2 Ineligible Activities)

IX. City Contacts

General Questions regarding this Program can be directed to the City at:

Office of Economic Development

City of Garden Grove
11222 Acacia Pkwy Garden Grove, CA 92840

Greg Blodgett

Deputy Director
(714) 741-5124 or greg1@ggcity.org

Additional Program information can be found on the City's website at: <https://ggcity.org/neighborhood-improvement/microbiz>