

City of Garden Grove

# Grow Garden Grove Fund

2026 GUIDELINES







# Grow your business with the right funding!

Access affordable SBA 7(a) loans through the Grow Garden Grove Fund.

## Program Eligibility

- For-profit businesses located in the City of Garden Grove
- Meet SBA small business size standards for your industry
- Demonstrate ability to repay
- Has an active Garden Grove Business License and no code violations
- Has been denied a commercial loans

## Loan Features

- Loan amount: Minimum is \$100,000
- Terms: Up to 25 years based on use of funds
- Interest Rates: Varies by loan size and terms
  - Fixed and variable options may be available
- Use of Funds: Working capital, inventory, supplies, operating expenses, equipment, machinery, furniture, fixtures, leasehold improvements or expansion, business acquisition or partner buyout, refinancing eligible business debt

Technical assistance via OC-SBDC no-cost

## City Contact

Henry Surjono  
Phone: 714-741-5146  
More Information:



# TABLE OF CONTENTS

<b>Introduction .....</b>	<b>4</b>
<b>1.0 Program Requirements .....</b>	<b>4</b>
1.1 Eligible Loan Activities .....	4
1.2 Ineligible Loan Activities .....	4
1.3 SBA Program Eligibility Requirements .....	4
1.4 Local Economic Priorities .....	5
1.5 Technical Assistance .....	5
1.6 Compliance with Applicable Regulations .....	5
1.7 Special Considerations .....	5
<b>2.0 Application Processing .....</b>	<b>6</b>
2.1 Fair Lending Compliance .....	6
2.2 Application Submission and Initial Screening .....	6
2.3 Application Review Process .....	6
2.4 Applicant Confidentiality .....	6
2.5 Dispute Resolution/Appeals Process .....	7
2.6 No Conflict of Interest Allowed .....	7
2.7 Exceptions and Special Circumstances .....	7
2.8 Closing Process .....	7
<b>3.0 Description of Awards .....</b>	<b>8</b>
3.1 Loan Amount .....	8
3.2 Funding Terms .....	8
3.3 Interest Rates .....	8
3.4 Modification .....	8
3.5 Fees .....	8
<b>4.0 Loan Underwriting Standard.....</b>	<b>9</b>
4.1 Initial Evaluation .....	9
4.2 Credit Requirement .....	9
4.3 Financial Information .....	9
4.4 Collateral .....	10
4.5 Experience / Management Capacity .....	10
<b>5.0 Loan Servicing.....</b>	<b>10</b>
5.1 Services Performed After Closing .....	10
5.2 Borrower Responsibilities .....	11
5.3 If Repayment Problems Occur .....	11
<b>6.0 Program Oversight .....</b>	<b>11</b>
<b>City Contact.....</b>	<b>11</b>

# INTRODUCTION

---

The City of Garden Grove (“City”) established the Grow Garden Grove Fund Program (“Program”) to stimulate economic growth through small business financing. The Program provides access to small business financing through Small Business Administration (SBA) 7(a) loans originated, underwritten, closed, and serviced by the Grow America Fund, Inc. (GAF), a licensed Small Business Lending Company (SBLC).

All loans made under this Program are SBA 7(a) loans and must comply with the current SBA rules, regulations, policies, and standard operating procedures as amended from time to time. The City of Garden Grove does not set or modify SBA loan eligibility, underwriting, collateral or servicing requirements.

## 1.0 PROGRAM REQUIREMENTS

---

### 1.1 Eligible Loan Activities

---

Eligible loan purposes follow SBA 7(a) program rules. Loans through the Grow Garden Grove Fund may be used for authorized business purposes including, but not limited to:

- Working capital
- Inventory, supplies, and operating expenses
- Purchase of furniture, fixtures, machinery, and equipment
- Leasehold improvements and business expansion activities
- Business acquisition or partner buyout
- Refinancing of eligible business debt
- Real property improvements related to business operations
- Export-related activities, when applicable

All loan uses must comply with current SBA requirements at the time of loan approval.

### 1.2 Ineligible Loan Activities

---

Applicants are ineligible if they do not meet SBA 7(a) program criteria. Examples of ineligible applicants include:

- Nonprofit entities
- Real estate investment or passive income businesses
- Lending institutions or speculative ventures
- Businesses involved in federally prohibited activities
- Businesses not located within the City of Garden Grove
- Businesses restricted or prohibited under City policies or municipal code
- Applicants with disqualifying federal debt or unresolved criminal history
- Businesses not meeting SBA size, affiliation, or character requirements

GAF is solely responsible for making these determinations in accordance with SBA rules.

### 1.3 SBA Program Eligibility Requirements

---

All applicants must meet SBA 7(a) eligibility standards, including:

- Operating as a for-profit business
- Being located and authorized to operate within the United States
- Meeting SBA size standards and affiliation rules
- Demonstrating a need for the loan and credit unavailability elsewhere
- Complying with SBA citizenship or residency status requirements
- Demonstrating financial feasibility and ability to repay
- Being current on federal obligations

GAF is solely responsible for making these determinations in accordance with SBA rules.



## 1.4 Local Economic Priorities

---

The Program is designed to support Garden Grove's economic development goals. Priority may be given to loans that:

- Support job creation or retention within the City
- Strengthen locally owned small businesses
- Support underserved or historically disadvantaged entrepreneurs
- Promote investment in key commercial corridors
- Expand or retain essential services in the community
- These priorities guide the City's outreach and engagement efforts and do not affect SBA loan eligibility or GAF's underwriting decisions.

## 1.5 Technical Assistance

---

To strengthen borrower readiness, the City may offer or coordinate access to business support resources such as:

- Business planning assistance
- Financial projection support
- Marketing and operations guidance
- Referrals to the Orange County Small Business Development Center (OC-SBDC) and other partners
- Although not required for SBA loan approval, technical assistance may be recommended to help applicants prepare complete loan packages.

## 1.6 Compliance with Applicable Regulations

---

All loans made through the Grow Garden Grove Fund must comply with the current requirements of the SBA 7(a) Loan Program. This includes adherence to all SBA policies, procedures, eligibility rules, and underwriting standards in effect at the time of loan review. GAF, as an SBA-licensed Small Business Lending Company, is solely responsible for determining borrower eligibility, ensuring conformity with SBA regulations, and administering all underwriting, approval, closing, and servicing activities.

Businesses participating in this Program must also comply with all applicable federal, state, and local laws, including City of Garden Grove licensing, permitting, zoning, and municipal code requirements. The City does not establish SBA lending criteria and does not participate in credit decisions or SBA compliance determinations.

## 1.7 Special Considerations

---

While SBA eligibility and underwriting requirements ultimately determine loan approval, the City of Garden Grove may prioritize outreach and support for projects that:

- Support job creation or retention within the City
- Strengthen locally owned small businesses
- Support underserved or historically disadvantaged entrepreneurs
- Promote investment in key commercial corridors
- Expand or retain essential services in the community

These considerations guide the City's economic development efforts and do not influence SBA loan eligibility or GAF's underwriting decisions.

## 2.0 APPLICATION PROCESSING

---

### 2.1 Fair Lending Compliance

---

The Program will be implemented consistent with the City's commitment to all applicable fair lending laws. No person or business shall be excluded from participation in, denied the benefit of, or be subjected to discrimination under this Program on the basis of race, color, national origin, religion, sex, gender identity, sexual orientation, marital status, age, disability, or any other characteristic protected by federal or state law.

All personal and business information submitted by applicants will be kept confidential except where disclosure is required by law or necessary for review by GAF or the U.S. Small Business Administration (SBA) for purposes of loan processing, underwriting, or servicing.

### 2.2 Application Submission and Initial Screening

---

Applications will be accepted on a rolling, first-come, first-served basis. The application process generally includes:

- Loan prospects are initially directed to the city's economic development team. This will facilitate an initial discovery and vetting.
- The City's Economic Development staff will then "create a package" for vetted businesses utilizing the online application portal and will then complete an initial intake questionnaire and provide the required documents to prepare the initial loan application to GAF.
- Thereafter, the loan will show up on the City Economic Development staff's online dashboard, at which point, an assigned member of the Grow America team will review for completion and make the initial assessment of both the applicant's eligibility and creditworthiness. At that point in time, if needed, the City's Economic Development staff might assist the Grow America team member with additional questions or items needed that assessment of initial eligibility and creditworthiness.

The City does not conduct underwriting or make credit decisions.

### 2.3 Application Review Process

---

Once GAF receives a complete loan application package:

- GAF reviews the application for SBA eligibility, including business type, use of proceeds, ownership requirements, size standards, and character requirements.
- GAF conducts full underwriting, including financial analysis, repayment ability, collateral assessment (as required by SBA), and credit review.
- GAF makes all credit and loan approval decisions in accordance with SBA 7(a) guidelines.
- If approved, GAF prepares the SBA authorization and proceeds to close the loan.
- If declined, GAF provides a written explanation of the denial, and the City informs the applicant and may offer alternative resources or technical assistance.

The City does not have authority to approve or override GAF's or SBA's credit decisions.

### 2.4 Applicant Confidentiality

---

The City and GAF will maintain the confidentiality of all applicant information to the extent permitted by law. Confidential business and financial information will only be shared:

- With City staff involved in application intake and packaging
- With GAF for eligibility review, underwriting, and servicing
- With SBA for loan guaranty authorization
- With other entities as required by law
- No confidential information will be disclosed publicly.

## 2.5 Dispute Resolution/Appeals Process

---

### **Appeals related to SBA underwriting decisions**

If an applicant disagrees with a credit decision made by GAF, the applicant may request clarification or reconsideration directly from GAF. SBA underwriting and eligibility decisions cannot be appealed through the City.

### **Appeals related to City administrative decisions**

If an applicant disputes a determination made by the City (e.g., geographic eligibility, completeness of initial intake), the applicant may submit a written appeal to the Economic Development and Housing Director or designee within 15 calendar days of notice. The Director or designee will issue a written response within 45 days. Administrative appeals do not affect SBA credit decisions.

## 2.6 No Conflict of Interest Allowed

---

No City Council member, City official, employee, contractor, or agent involved in Program administration may receive any personal or financial benefit from an loan made through this Program. Conflicts of interest are governed by applicable federal, state, and local ethics regulations.

Any potential conflict must be disclosed immediately. Violations may result in disqualification of an applicant or removal of an individual from program involvement.

## 2.7 Exceptions and Special Circumstances

---

GAF may consider exceptions to its standard underwriting practices only as allowed under SBA 7(a) program rules. SBA governs which exceptions may be granted; the City cannot request or authorize exceptions to SBA regulations.

The City may, at its discretion, provide additional technical assistance or support to applicants experiencing challenges during the application process, provided such support does not interfere with SBA underwriting requirements.

## 2.8 Closing Process

---

Upon loan approval:

- GAF prepares all closing documents, including SBA-required forms and loan authorization.
- The applicant must sign all loan documents within timelines established by GAF.
- GAF handles all closing activities, including collateral documentation, filing, SBA authorization, and compliance checks.
- Funds are disbursed by GAF according to SBA protocols and approved use of proceeds.

The City does not participate in loan closing, loan documentation execution, or disbursement.



## 3.0 DESCRIPTION OF AWARDS

---

### 3.1 Loan Amount

---

All loans made through the Program are SBA 7(a) loans originated and approved by the GAF. Loan amounts follow SBA program guidelines and may vary based on borrower needs, creditworthiness, and SBA eligibility requirements.

- Minimum loan amount is \$100,000.
- There is no City-imposed maximum loan amount.
- Loan amounts are determined by GAF in accordance with SBA 7(a) standards, up to the maximum allowed under the SBA program.
- Actual loan size will depend on documented financing needs, repayment capacity, collateral, and SBA rules regarding business purpose and underwriting.

### 3.2 Funding Terms

---

Loan terms are established by GAF according to current SBA 7(a) program requirements and may include:

- Repayment terms based on loan purpose, asset class, and SBA guidelines
- Maximum maturities consistent with SBA policies (e.g., working capital, equipment, real estate, business acquisition)
- Amortization schedules and payment structures determined during underwriting
- Collateral requirements based on SBA standards
- SBA guaranty fee requirements, when applicable

The City does not determine loan terms or negotiate loan conditions.

### 3.3 Interest Rates

---

Interest rates for loans under this Program are set by GAF in accordance with SBA's allowable interest rate guidelines. Rates are:

- Based on SBA's maximum permitted pricing
- Typically expressed as a spread over the Prime Rate or other SBA-approved index
- Determined by borrower creditworthiness, loan size, loan term, and market conditions

The City does not set or influence interest rates.

### 3.4 Modification

---

Loan modifications, restructures, deferments, or changes in loan terms are governed by SBA servicing requirements and handled solely by GAF.

Borrowers seeking modifications must contact GAF directly. The City does not participate in loan servicing decisions.

### 3.5 Fees

---

Loan fees are determined by GAF and the SBA, consistent with SBA program rules. Fees may include:

- SBA guaranty fees (based on loan size and maturity)
- Packaging or closing fees as allowed under SBA guidelines
- Third-party costs (e.g., appraisals, business valuations, title filings)
- Other SBA-allowed financing costs

City funds may be applied to the unguaranteed portion of the loan but are not used to pay borrower fees.

## 4.0 LOAN UNDERWRITING STANDARD

---

All loans made through the Program are SBA 7(a) loans, and underwriting is conducted exclusively by the SBA lender in accordance with current SBA regulations. The City does not underwrite loans or participate in loan approval decisions. The City's role is limited to outreach, applicant support, and assisting with loan packaging.

### 4.1 Initial Evaluation

---

The SBA lender will conduct an initial assessment to determine whether the applicant meets basic SBA eligibility requirements and whether the proposed loan aligns with SBA program rules. This initial evaluation helps determine whether a full underwriting review is appropriate.

Key considerations include:

- Whether the business is eligible under SBA program guidelines
- Whether the proposed use of funds is permissible under SBA rules
- Whether preliminary financial information indicates the ability to repay
- Whether sufficient documentation has been provided to proceed

The City may assist applicants in preparing materials but does not evaluate eligibility or creditworthiness.

### 4.2 Credit Requirement

---

Credit analysis is performed according to SBA 7(a) credit standards. SBA does not mandate specific minimum credit scores but requires lenders to evaluate the applicant's overall credit profile and financial responsibility.

Credit evaluation typically includes:

- Personal and business credit history
- Payment history and existing financial obligations
- Confirmation that the applicant is not delinquent on federal debt
- Assessment of character and financial responsibility
- SBA's "credit elsewhere" review to determine the need for SBA support

The City does not set or apply credit requirements.

### 4.3 Financial Information

---

Applicants must submit financial documents consistent with SBA underwriting expectations. These materials allow the lender to evaluate repayment ability, business performance, and future viability.

Required documentation may include:

- Personal and business federal tax returns
- Interim business financial statements
- Cash flow projections demonstrating repayment capacity
- Business debt schedule
- Bank statements
- Business plan or narrative for start-ups, expansions, or acquisitions
- Documentation for collateral, if applicable

Additional materials may be requested to complete underwriting. The City may assist applicants in assembling these documents but does not review or verify their accuracy.

## 4.4 Collateral

---

Collateral requirements follow SBA 7(a) standards. SBA requires lenders to take available collateral to the maximum extent possible but does not deny loans solely for lack of collateral if repayment ability is demonstrated.

Collateral considerations include:

- Identification of available business and personal assets
- Valuation of collateral based on SBA guidelines
- Filing of liens or security interests as required
- Determination of whether the loan is secured or unsecured under SBA policy

The City does not take collateral or hold any security interests.

## 4.5 Experience / Management Capacity

---

SBA requires lenders to assess whether business owners and managers possess the experience necessary to operate successfully and sustain repayment capacity.

Management evaluation may include:

- Relevant managerial or industry experience
- Owner involvement in daily operations
- Staffing levels and operational readiness
- Strength and feasibility of proposed business plans
- Succession or transition plans, if applicable

For start-up businesses or acquisitions, additional information may be required to demonstrate management capability and business viability.

# 5.0 LOAN SERVICING

---

All loan servicing is performed exclusively by the GAF in accordance with SBA 7(a) servicing requirements. After a loan closes, the GAF becomes the borrower's primary point of contact for payments, servicing actions, account updates, and any repayment issues. The City of Garden Grove does not service loans, collect payments, make servicing decisions, or participate in delinquency or enforcement activities.

## 5.1 Services Performed After Closing

---

The GAF manages all loan servicing activities, including:

- Establishing the loan account and providing payment instructions.
- Processing monthly payments and offering ACH automatic payment options.
- Conducting ongoing monitoring required by SBA, such as collecting annual tax returns and financial statements.
- Managing collateral documentation, including lien filings and releases.
- Reviewing and processing servicing requests that may be permitted under SBA rules, such as temporary relief or deferments.
- Handling delinquency management, workout discussions, and default actions when necessary.



## 5.2 Borrower Responsibilities

---

- After closing, borrowers are expected to:
- Direct all loan-related questions and servicing requests to the Grow America Fund.
- Provide required financial information when requested, including annual tax returns and financial statements.
- Notify the Grow America Fund of significant business changes, including:
  - Relocation or changes to the business address or lease.
  - Ownership changes.
  - Sale or replacement of collateral.
  - Financial challenges that may affect repayment.

## 5.3 If Repayment Problems Occur

---

Borrowers who expect difficulty making a payment should contact the GAF as early as possible. Early communication allows staff to review the situation and determine whether any assistance or temporary adjustments are available under SBA rules.

All post-closing communication and servicing matters must be handled directly with the GAF. The City cannot modify loan terms, approve changes, intervene in repayment matters, or advise borrowers on servicing decisions.

# 6.0 PROGRAM OVERSIGHT

---

The City provides administrative oversight of the Program to ensure alignment with local economic development goals and to support effective delivery of services to small businesses. Oversight activities include monitoring overall Program activity, coordinating outreach, supporting applicants with information and guidance, and assisting with preparation of loan application packages.

Oversight is limited to high-level monitoring and administration. The City does not influence individual loan decisions, conduct credit or eligibility evaluations, or participate in loan servicing. All SBA lending functions remain the responsibility of GAF.

The City maintains Program information and outreach materials to ensure applicants have access to accurate, up-to-date guidance. The City may also coordinate with local business assistance partners to help applicants prepare complete loan packages and strengthen their readiness for financing.

The City periodically reviews Program participation and administrative processes to identify opportunities for improvement and may update Program guidelines or outreach strategies as needed to enhance overall Program effectiveness.

# CITY CONTACT

---

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

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

Grace Kim  
Project Manager  
714 741 5130 or [gracel@ggcity.org](mailto:gracel@ggcity.org)