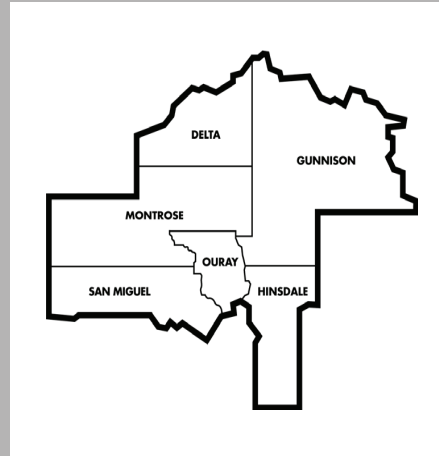


CDBG BLF Loan Application

- It is suggested that potential CDBG BLF loan clients schedule a meeting by phone or in person with Region 10's BLF Director to review their eligibility. Businesses will be expected to provide their Business Plan, current business and personal financial information, document their ability to repay their loan and offer collateral to secure their loan to Region 10 at or promptly after the initial meeting.
- Prior to approval business will be asked to complete an application packet and provide copies of the last three years business and personal tax returns. Additional information, etc., may be requested as needed.
- Region 10 will perform all loan client evaluations, preliminarily approve applications, and prepare all necessary loan documents.
- The Non-CDBG lender and the borrowers will independently negotiate their loan amount, terms, rates and conditions.
- Borrower will be required to provide Region 10 with ongoing financial information. That will including information with respect to their payroll and their LMI employees. All information provided is confidential, but will be used to prepare CDBG reports to the Colorado OEDIT and other agencies as necessary to show that the requirements of CDBG BLF funded loan program are being met.
- If you have questions or need additional information, please contact Region 10's BLF Director.



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REG10N

**An Alliance of Communities
and Business**

**CDBG
BLF
Loans**

www.region10.net

Community Development Block Grant (CDBG) Loans

■ The US Department of Housing and Urban Development (HUD) funds programs to assist Low-To-Moderate Income (LMI) individuals through its Community Development Block Grant (CDBG) program with awards to individual states. In Colorado, the CDBG program is administered by the Colorado Department of Local Affairs (DOLA) and the Colorado Office of Economic Development and International Trade (OEDIT).

■ Since 1984 Region 10 has been awarded six CDBG contracts which have resulted in \$3.3 million in loans. These loans have created/retained 344 jobs, 254 of which were filled by LMI individuals. Overall, Region 10's Business Loan Fund (BLF) has funded 226 loans for \$9.1 million, resulting in 1,075 jobs created/retained, of which 723 were filled by LMI individuals.

■ Recently Region 10 was awarded a CDBG Contract of \$500,000. This contract can be "drawn upon approval by the State of Colorado" to fund qualified loans as described in the Loan Eligibility section in this brochure. These loans are called Community Development Block Grant Business Loan Fund (CDBG BLF) loans. These loans can be made to businesses in the six Western Colorado counties of:

- Delta
- Gunnison
- Hinsdale
- Montrose
- San Miguel
- Ouray

Loan Benefits For Your Business

■ **Interest Rate** - The maximum interest rate paid by borrowers for CDBG BLF loans is 2% over the current Wall Street Journal (WSJ) Prime Rate. The minimum interest rate is the current WSJ Prime Rate. The loan rate can be fixed or variable,. Points and/or fees can be charged. With approval from Colorado OEDIT, Region 10 may deviate from the above terms in bank participations.

■ **Term** - Loan term will be made within loan policy and CDBG contract guidelines subject to approval from the Colorado OEDIT. Loan term may match those offered by private or public financing sources.

■ **Credit Not Available Elsewhere** - Generally, the CDBG BLF program should be financing business activities for which credit is not otherwise available on terms and conditions which would permit completion, successful operation and/or accomplishment of the project in the defined eligible areas to create/retain employment opportunities primarily for LMI individuals.

Loan Eligibility & Additional Information

Following are the primary requirements for CDBG BLF loans:

■ **Job Creation / Retention** - A minimum of one job should be created/retained for each \$20,000 of CDBG BLF funds loaned.

■ **Demonstrate A Benefit To People From LMI households** - Businesses receiving

loans from CDBG BLF funds must agree to fill at least 51% of the jobs created/retained with individuals from LMI households. If a LMI employee leaves during the loan, the employer will be expected to replace them with another LMI eligible employee.

■ **Leverage other funds** - The CDBG BLF loan proceeds should be no more than fifty (50%) percent of the total financial package. The remaining fifty (50%) percent of funds should come from other private and public sources including loans and grants.

■ **Microenterprise** - If the business qualifies as a microenterprise (a commercial enterprise that has 5 or fewer total employees (not FTE's), including the owner(s), and the owner(s) are LMI(s), the Job Creation / Retention and Leveraging requirements are met for loans of no more than \$100,000

■ **Federal Requirements** - The use of CDBG funds is subject to numerous federal regulations that are described in the CDBG contract between Montrose County and Colorado OEDIT. The Region 10 BLF Director will review each project for compliance with standard terms and conditions and make appropriate recommendations.

■ **Minimum / Maximum Loan Amounts** - Minimum loan amount is \$10,000. The maximum loan amount may vary.

■ **Loan Review and Approval Process** - All CDBG BLF loans must receive final approval from Colorado's OEDIT. Loans in excess of \$100,000 must also be approved by OEDIT's Financial Review Committee (FRC). Loan funding may take up to two months or more after all information requested from borrower is received.