

SMALL BUSINESS GRANT (SBG) PROGRAM POLICIES & PROCEDURES FOR CDBG-CV FUNDS

What is the purpose of the Weymouth Small Business Grant (SBG) Program?

The coronavirus (COVID-19) has damaged the economy nationwide. Towns like Weymouth are no exception. Under the Coronavirus Aid Relief and Economic Security Act ("CARES Act") the Town, like municipalities across the nation, has received special funds that must be used to prevent, prepare for, and respond to the coronavirus.

The Weymouth Department of Planning and Community Development (DPCD), has created a Small Business Grant program to assist small for-profit businesses with eligible costs as described in this document.

Must businesses be located in Weymouth to be eligible for SBG Funds?

Yes. There must be a brick and mortar business location in Weymouth.

What are the two types of eligible small businesses in Weymouth?

1) Low Moderate Income (LMI) Microenterprises

For-profit businesses with five or fewer employees INCLUDING the owner who must be LMI.

2) Other Small Businesses

Other for-profit businesses including (A) microenterprises that are NOT owned by LMI owners AND (B) small businesses with from six to 100 employees.

How does an LMI Microenterprise qualify?

1. The microenterprise has a low-moderate income owner.

A microenterprise that is owned by a low-moderate income (LMI) owner may qualify for a grant if the owner is LMI based on family size and income limits, using the "HUD 2019 Income Guidelines." The owner will initially indicate the number of persons related to him or her that reside in owner's household and the combined annual gross income pursuant to the

table below, based on annual Adjusted HUD HOME Income Limits (the limits below are valid beginning July 1, 2020). In either instance, household income must nonetheless be **verified** as per paragraph 2 below.

Number of persons in household	With gross annual income not to exceed:		Number of persons in household	With gross annual income no to exceed:
1	\$67,400		5	\$103,950
2	\$77,000		6	\$ 111,650
3	\$86,654		7	\$110,350
4	\$96,250		8	\$127,050

2. LMI owners must provide documentation of their income such as the most recent tax returns, profit & loss reports detailing payments to owners, and similar documents. The DPCD will rely on Annual Income as defined in accordance with 24 CFR Part 5.609.

How do other small businesses qualify?

Small businesses that (1) have from six to 100 employees (so are NOT microenterprises) or (2) are microenterprises that are not owned by an LMI owner, may qualify under this section of the guidance.

ALL such businesses under this section MUST create or retain at least one permanent job. If more than one job is to be created or retained, at least 51 percent (computed on a full-time equivalent basis) must be held by LMI persons.

Job creation or retention requirements do not apply to LMI Income Microenterprises.

Job Creation

If SBG funds are used to create jobs, there must be documentation indicating that at least 51 percent of the jobs will be held by an LMI persons. The rehiring of laid off or furloughed employees is considered Job Creation.

Job Retention

If SBG funds are used to retain jobs, there must be sufficient information documenting that the jobs would have been lost without the SBG funds and that one or both of the following applies to at least 51 percent of the jobs:

- The job is held by an LMI person; or
- The job can reasonably be expected to turn over within the following two years and steps will be taken to ensure that the job will be filled by an LMI person.

What can SBG fund be used for?

SBG funds awarded by the DPCD may be used to pay the commercial rent/ lease/mortgage or utilities costs of the applicant business for amounts up to the maximum allowed under these Policies and Procedures. Assisted businesses will be required to submit a W-9 form from the vendor to be paid (e.g., utility company, landlord, bank). Businesses may reapply for additional funds just once but priority will be given to new applicants submitting a completed application for the first time.

Do businesses have to pay back SBG funds to Weymouth?

No. Such funds if used for eligible costs do NOT have to be repaid as they are grants.

What is the maximum grant allowed? Can you reapply?

The maximum grant for a low-moderate income micro-enterprise is \$10,000 and for other small businesses is \$15,000. An applicant may apply again for a second round of funding. For each application, the applicant is subject to the stated caps. Therefore, if a low moderate income micro-enterprise applies and receives \$10,000 for the first application, the applicant may reapply for additional funds and may conceivably receive another \$10,000.

The application for a second round of funding while more abbreviated than the original will still require numerous updated financial documents to be submitted so the Town can determine eligibility and satisfaction of HUD regulations including ones governing eligibility, duplication of benefits, underwriting, and that funds will be used to prepare for, prevent, and respond to Coronavirus.

Funds in either instance, first or second round, may at any time be **less** than the caps as grant size depends upon factors such as actual rent or mortgage or utility costs and an assessment of cost reasonableness as part of the underwriting process.

When may businesses apply for funds?

Applications are accepted on a rolling basis until funds are no longer available. Only completed applications submitted with ALL required supporting documents will be considered for funds; partial or incomplete applications will not be reviewed for eligibility.

What types of businesses are ineligible for SBG funds?

Gun shops, pawn shops, cannabis businesses, franchises of national or regional chains, social clubs, home based businesses and adult entertainment businesses.

How does the Town monitor job creation or retention?

The SBG Application Form requires each applicant to identify the number of employees computed on a full-time equivalent basis, titles of such employees, and whether positions are filled or vacant at the time the application is submitted. Each applicant must create or retain at least one job computed on a full-time equivalent basis that is or will be held by a low or moderate person. If an applicant pledges to create or retain more than one position, the applicant must ensure that 51% of the positions are held by low-moderate income persons.

Monitoring of job retention and creation by the DPCD will entail:

- 1) Determining the number of permanent full-time equivalent jobs retained and/or created.
- 2) Determining the percentage of such jobs held by low /moderate income persons.

To demonstrate compliance with job creation or retention requirements, an applicant must ensure that employees complete and sign a LOW MOD INCOME JOB CREATION OR RETENTION VERIFICATION FORM. The applicant must submit such forms to the DPCD.

Based on information provided by the employer/employee, the DPCD must report to HUD on the number of permanent, FTE positions retained or created with the assistance of SBG funds.

What are “Underwriting Standards”?

Grants provided to small business (other than to LMI Micro Enterprises) are subject to federal Underwriting Standards.

HUD regulations at 24 CFR 570.209(a) guide the Town in financially underwriting and selecting SBG recipients except that underwriting is not required for LMI micro enterprises. See Appendix A – Underwriting Standards, attached. LMI micro enterprises are limited to a cost reasonableness review.

What other factors must DPCD establish via application, documentation or records?

1. That the business has experienced a measurable loss of revenue due to COVID-19 as documented through weekly or monthly sales or income documentation..
2. That the business has less than \$2,000,000 in gross annual receipts as through profit and loss statement.
3. That the business can establish through acceptable documentation that it’s been in operation as of September 24, 2020; at least six months prior to March 24, 2020 when Governor Baker ordered all but essential businesses closed.
4. That the business is in good standing -(i.e., that it has no outstanding taxes or issues with the board of health, police department, or fire department).

What is meant by avoidance of “Duplication of Benefits”?

Under the federal Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act), the Town must ensure that it prevents the “duplication of benefits” when using CDBG-CV funds, such as those used by the Town under its SBG Program to assist small businesses impacted by COVID-19.

Further HUD guidance is forthcoming and will be summarized here within a reasonable time after receipt of such guidance by the Town. Until such guidance is provided to the Town by HUD, the Town will not provide SBG assistance to any applicant who received funds that constitute a duplication of benefits.

Each applicant will have to sign an affidavit that it will not apply for or accept other federal, state, local or private loans or grants or other assistance that constitute a duplication of benefits. The DPCD staff will conduct an analysis of the application and documents submitted with the application to ascertain that there is no duplication of benefits.

How does a business obtain SBG funds?

An applicant must complete the required SBG funding application and submit ALL required supporting documents to the DPCD. The application is available on the Town website under the Department of Planning and Community Development; then under the SBG Program.

1. Complete the application form that is in Adobe Acrobat fillable format online, and save completed form to your desktop. The application may be completed online, but not SUBMITTED online.
2. Print out the completed form and make sure it is signed by you (applicant). Attach all required supporting documents.
3. Send the completed application AND required supporting documents by regular mail to 75 Middle Street, 3rd Floor, Weymouth, MA, 02189, Attention: Jody Lehrer, or by email to jlehrer@weymouth.ma.us. Emailed applications and documents are preferred; hard copies mailed to Town Hall will delay processing. Do NOT send original sensitive documents such as tax returns! Send copies.
4. Once submitted, DPCD will review applications and required supporting documents for completeness. DPCD staff will contact you if to obtain any missing documents, which you must send as soon as possible as only complete application packages will be reviewed for grant eligibility.
5. All applications, except those from microenterprises, are subject to required DPCD underwriting analysis. Microenterprise assistance will be limited to a cost reasonableness review.

6. Incomplete application packages (e.g, incomplete application form, failure to submit ALL required supporting documents) WILL NOT be accepted by DPCD. A business cannot reserve its place in the application queue by submitting a partial or incomplete application.
7. The DPCD will review the completed application package and based on it and any required underwriting analysis will either accept or deny the application and will notify applicant by email. If an application is denied, the DPCD will state the reason why.
8. If an application is approved, the applicant will be required to sign either an LMI Microenterprise Agreement or a Small Business Job Creation or Retention Agreement, respectively with the Town. The Agreement will contain conditions of the grant.
9. The Town will provide the applicant with an executed copy of the Agreement. The DPCD will notify the applicant that invoices and other acceptable documents asking for grant funds may be submitted.
10. The applicant will be required to sign, under penalty of perjury, an AFFIDAVIT stating the the applicant has not accepted/will not accept other federal, state, or local loans/grants for the same purpose for which the business will receive SBG funds from the Town. Other fund sources include, but are not limited to, SBA Disaster Loans and the Paycheck Protection Program (PPP). Applicants must also assert that there are no outstanding state or local tax liens or legal judgements. Finally, the AFFIDAVIT requires that if the business does so accept such other assistance the business will immediately notify the DPCD and may be required to reimburse the Town some or all SBG funds.

What documents must an SBG applicant submit with the application?

Documents required to be submitted with a SBG Application include:

- A. DBA License/Certificate from Town of Weymouth
- B. Most recent business tax return filed.*
- C. Profit and Loss Statement for the prior year and quarterly for the current year.
- D. Bank statements for the prior two months.
- E. Balance sheet prior three years
- F. Current balance sheet no older than 90 days
- G. Proof of quarterly tax payments if made quarterly
- H. Copy of lease or rental agreement, or mortgage, for your commercial premises in Weymouth if you are seeking SBG assistance for commercial lease/rent/mortgage.
- I. Copy of lease, rent, or mortgage statement showing amount owed monthly.

- J. Copy of utility bills for utilities for which you seek SBG assistance.
- K. Statement of cash flows
- L. Signed AFFIDAVIT (Form B) regarding duplication of benefits. Template attached.
- M. Your most recent personal tax returns are required.
- N. Payroll reports for prior year and quarterly reports for current year.

The DPCD reserves the right to ask for further information under these Policies and Procedures in order to approve applications and/or process payments, including but not limited to, paystubs, cancelled checks, receipts, , WHY NOT. or copies of bank statements.

Town reserves right to amend Policies and Procedures

The Town cannot foresee all contingencies and therefore reserves the right to make exceptions to these Policies and Procedures.

APPENDIX A TO WEYMOUTH SMALL BUSINESS GRANT

POLICIES AND PROCEDURES

Underwriting Analysis and Supporting Documents

Per 24 CFR Part 570.209(a)

HUD requires that Underwriting Standards to be Reviewed and Analyzed

HUD regulations at 24 CFR 570.209(a), Guidelines and Objectives for Evaluating Project Costs and Financial Requirements, are designed to help the Town with financially underwriting and selecting CDBG-assisted economic development projects like providing Weymouth SBG funds to non microenterprise businesses.

Underwriting must be conducted by any or all of the Community Development Coordinator, Housing Coordinator, Community Development Planner, and/ or the DPCD Director prior to the provision of CDBG-CV funds under the SBG Program. There are seven standards that must be met as shown below. Submittal of specified documentation (list of documents any of all of which may be required is shown at the end of this Appendix.

A. Applicant (Owner) Name:

B. Business Name:

C. Weymouth Business Address:

Street Number:

Street Name:

Town: Weymouth

State: Massachusetts

Zip Code:

D. Time frame for job creation, if applicable:

STANDARDS

Analysis of underwriting standards for SBG application are conducted pursuant to HUD regulations at 24 CFR 570.209(a), Guidelines and Objectives for Evaluating Project Costs and Financial Requirements. These regulations assist the Town with financially underwriting and selecting CDBG-assisted economic development projects like providing SBG funds to the non microenterprise businesses. Underwriting must be conducted by DPCD staff prior to the provision of CDBG-CV funds provided under the SBG Program to a for-profit business.

UNDERWRITING STANDARDS

1. Describe how it has been established that costs are reasonable.

The following documentation demonstrates that the expenses are correct, not overstated and have remained consistent. The business cash flow report and the lease, mortgage documentation and bills match. The Affidavit provides additional assurance as to the verity of the information given and that the business owner is not benefitting from and additional source.

- I. Copy of lease, rent, or mortgage statement showing amount of lease, rent, mortgage to be paid by business.
- J. Copy of utility bills for utilities for which you seek SBG assistance.
- K. Statement of cash flows
- L. Signed AFFIDAVIT regarding receipt of other funds.

ANALYSIS:

2. How has it been determined that all sources of project financing have been committed?

Applicants must list all federal, state, local or private funds applied for or received for the said business to determine if funds are for a project identical to the SBG project (e.g., August 2020 lease). SBG funds will not be granted if other funds have been awarded for the same project nor will funds be awarded for an amount greater than the stated need in the submitted budget in the application.

Source:	Amount:
Purpose:	Approved for such funds? Y N
Source:	Amount:
Purpose:	Approved for such funds? Y N
Source:	Amount:
Purpose:	Approved for such funds? Y N

ANALYSIS:

3. How has it been established that, to the extent practicable, CDBG-CV funds are not substituted for non-federal financial support?

The following documentation will demonstrate that the HUD CDBG=CV funding is not replacing non federal financial support. Any revenue/income or cash deposited would be reflected in the P&L, Bank Statements or Balance Sheet, the Affidavit provides additional assurance as to the to fact that CDBG-CV funds will not be substituted for non-federal financial support:

- C. Profit & Loss Statements for prior year and quarterly for this current year.
- D. Bank statements for the prior two months
- E. Balance sheet prior three years
- L. Signed AFFIDAVIT regarding receipt of other funds.

ANALYSIS:

4. Describe how it has been established that the project is financially feasible.

The following documentation will demonstrate that the business has been established for longer than 6 months and is an ongoing concern, i.e., it has the resources needed to continue operating indefinitely or to stay afloat to avoid bankruptcy.

- B. Most recent business tax return filed.
- C. Profit and Loss Statements for the prior year and quarterly for this current year.
- D. Bank statements for the prior two months
- E. Balance sheet prior three years
- F. Current balance sheet no older than 90 days
- G. Proof of quarterly tax payments if made quarterly
- K. Statement of cash flows

ANALYSIS:

5. Describe how it has been established that to the extent practicable the return on the owner's equity Investment will not be unreasonably high.

As this is a program to pay for operating expenses, such as rent, mortgage and utilities and not for investments in inventory and other assets that would generate a return on investment, a formal ROI analysis is not applicable. However, in order to ascertain that the business owner is in need of the aforementioned operating funds and does not have an abundance of assets and reserves, the following documentation will be reviewed:

- C. Profit and Loss Statements for the prior year and quarterly for this current year.
- D. Bank statements for the prior two months
- E. Balance sheet prior three years

ANALYSIS:

6. Describe how it has been established that to the extent practicable, CDBG funds (SBG funds) will be disbursed on a pro rata basis with other finances provided to the project.

C. Profit and Loss Statements for the prior year and quarterly for this current year.

D. Bank statements for the prior two months

ANALYSIS:

7. Describe how it has been established that the projected level of public benefit is reasonable.

In the case of the SBG loans, the following documentation will demonstrate that personnel have been laid off. The benefit of the SBG grant is job creation or retention:

C. Profit and Loss Statements for the prior year and quarterly for this current year.

D. Bank statements for the prior two months

M. IF YOU ARE A LOW/MOD INCOME OWNER OF A MICRO ENTERPRISE, your most recent personal tax returns are require

N. Payroll reports for prior year and quarterly reports for current year.

LIST OF DOCUMENTS THAT MAY BE REQUIRED TO CONDUCT UNDERWRITING

- A. DBA License/Certificate from Town of Weymouth
- B. Most recent business tax return filed.
- C. Profit and Loss Statement for the prior year and quarterly for the current year.
- D. Bank statements for the prior two months.
- E. Balance sheet prior three years
- F. Current balance sheet no older than 90 days
- G. Proof of quarterly tax payments if made quarterly
- H. Copy of lease or rental agreement, or mortgage, for your commercial premises in Weymouth if you are seeking SBG assistance for commercial lease/rent/mortgage.
- I. Copy of lease, rent, or mortgage statement showing you are CURRENT on lease, rental agreement, or mortgage
- J. Copy of utility bills for utilities **ONLY** IF YOU are seeking SBG assistance for utilities!
- K. Statement of cash flows
- L. Signed AFFIDAVIT regarding receipt of other funds. See attached Exhibit B.
- M. **IF YOU ARE A LOW/MOD INCOME OWNER OF A MICRO ENTERPRISE**, your most recent personal tax returns are required.
- N. **IF YOU ARE A LOW/MOD INCOME OWNER OF A MICRO ENTERPRISE**, your most recent personal tax returns are required.

Exhibit B – AFFIDAVIT REGARDING DUPLICATION OF BENEFITS

**CDBG-CV Funds
Town of Weymouth**

As a recipient of a CDBG-CV funds under the applicable Agreement, I assert that:

1. I will not apply for or accept any financial assistance from other funding sources (federal, state, local or private). Likewise, I will not apply for more funding than needed for the eligible activity or project for which CDBG-CV funds are provided. For example, if I have \$100 available from another source towards each monthly gas bill and I am applying for SBG funds to pay for my total monthly gas bill of \$500, SBG funds will be limited to \$400 per month for up to three months.
2. I understand that duplication of benefits (DOB) are prohibited under the federal Under the federal Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act).
3. I will immediately report to the Town of Weymouth's CDBG-CV Program if I apply for or accept any financial assistance from other funding sources (federal, state, local or private) that constitute a duplication of benefits received under the CDBG-CV SBG Program.
4. I acknowledge that any duplication of funds may either have to be paid back to the Town or that the SBG funds may be reduced by a corresponding amount.
5. I understand that this affidavit is appended to and part of the the applicable Agreement that the Sub-Recipient executes with the Town for CDBG-CV funds and is a conditio of the receipt of such funds.

Signed under the pains and penalties of perjury on (DATE)

Signature:

Printed Name:

2019 HUD Income Guidelines –

Use until June 30, 2020 – beginning July 1, 2020, use 2020 Guidelines.

Gross income is calculated per 25 CDF 5.609 (also known as Chapter 5 or Section 8).

FOR INTERNAL USE ONLY:

Number of persons in household	With gross annual income not to exceed:	Number of persons in household	With gross annual income no to exceed:
1	\$62,450	5	\$96,350
2	\$71,400	6	\$103,500
3	\$80,300	7	\$110,650
4	\$89,200	8	\$117,750
