



CDBG PROGRAM ACTION FUND LOAN

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

PURPOSE

Provides a loan to certain types of for-profit companies that need funds for start-up or expansion and have exhausted other sources.

AUTHORIZATION

42 USC § 5301 et seq., 24 C.F.R. Part 570; and Missouri's "Consolidated Plan" submitted to the U.S. Department of Housing and Urban Development.

ELIGIBLE AREAS

Projects can only be in a "non-entitlement" area - a city under 50,000 in population or a county under 200,000 in population.

ELIGIBLE APPLICANTS

Cities and counties must apply on behalf of beneficiary companies. For-profit manufacturing, processing and assembly companies that will have wages above the county average and provide medical benefits are prioritized.

PROGRAM BENEFITS/ELIGIBLE USES

- The purchase of new machinery and equipment, working capital, building acquisition and/or construction land acquisition are eligible.
- Refinancing, pay out of stockholders, buyouts or lines of credit are not eligible.

FUNDING LIMITS

- The business must have exhausted other funding sources.
- Only the least amount needed to complete the project may be provided.
- Lesser of \$750,000 per project; 40% of the total project cost; or \$25,000 per new job.
- **Interest Rate:** Determined by DED.
- **Term:** Three to ten years.
- **Collateral:** Depends on the predictability of the cash flow. The loan may be in a subordinate collateral position to the primary lender at the sole discretion of DED.

APPLICATION/APPROVAL PROCEDURE

An application must be submitted by the Sponsor on behalf of the business. Applications are reviewed on a case-by-case basis, subject to fund availability.

REPORTING REQUIREMENTS

- Borrower must provide quarterly financial reports and a fiscal year end report.
- Employment Status Statement Forms

SPECIAL PROGRAM REQUIREMENTS

- **LMI Employees:** At least 51% of the new jobs to be created must be filled by persons considered "low to moderate income" (LMI).
- **Prevailing Wage Requirement:** If loan proceeds are used for the financing of building construction or the installation of machinery, prevailing wages must be paid to the employees of the contractors.

CONTACT

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