

## What is a CDBG Small Business Loan?

According to the US Department of Housing and Urban Development, a responsible entity is allowed to loan CDBG grant monies to a business owner. Since the project will be funded with CDBG funds, all loans must be made to businesses with the intent of creating jobs for low to moderate income individuals.

The award will be in an amount up to \$20,000 for eligible businesses that create jobs, of which at least 51% are filled by low to moderate income individuals. An individual is considered low to moderate income if their household income is less than 80% of the area median income. That is currently \$57,050 for a family of four. The table below indicates the current HUD income limits. (All limits are subject to change as HUD updates their information.) The maximum funding will be based on needs presented in the business plan.

| Persons in Family | Maximum Income |
|-------------------|----------------|
| 1                 | \$39,950       |
| 2                 | \$45,650       |
| 3                 | \$51,350       |
| 4                 | \$57,050       |
| 5                 | \$61,650       |
| 6                 | \$66,200       |
| 7                 | \$70,750       |
| 8                 | \$75,350       |



City of Hickory  
Office of Business Development  
Business Services Division  
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City of Hickory | CDBG

## SMALL BUSINESS Loan Program:

Business Development Committee

Telephone: (828) 323-7422

# City of Hickory | CDBG Small Business Loan Program:

In its 2020-2024 Consolidated Plan for Housing and Community Development, the City of Hickory identified increasing entrepreneurship opportunities as a high priority need. The CDBG Small Business Loan Program provides loans to businesses looking for funding to create jobs and purchase equipment necessary to take their business to the next level.

## Loan Guidelines:

Loans of up to \$20,000 may be awarded for eligible businesses that create jobs, of which at least 51% are filled by low to moderate income individuals. An individual is considered low to moderate income if their household income is less than 80% of the area median income. That is currently \$57,050 for a family of four. (All limits are subject to change as HUD updates their information.) The maximum funding will be based on needs presented in the business plan.

Loan funds may be used to purchase business equipment or for working

capital. If equipment is purchased, the loan amount will be paid by the City of Hickory directly to a third-party equipment vendor. If the loan is used for working capital, there must be some form of collateral to secure the loan and loan payouts will be made directly to the business owner. The loan period will be for nine years at a 4% interest rate. Re-payment of the loan will be in monthly payments made to the City of Hickory via an automatic bank draft from the business owner's account. If payments are made on time for a period of five years and other program criteria are met, the remaining balance will be forgiven.

## Application Process:

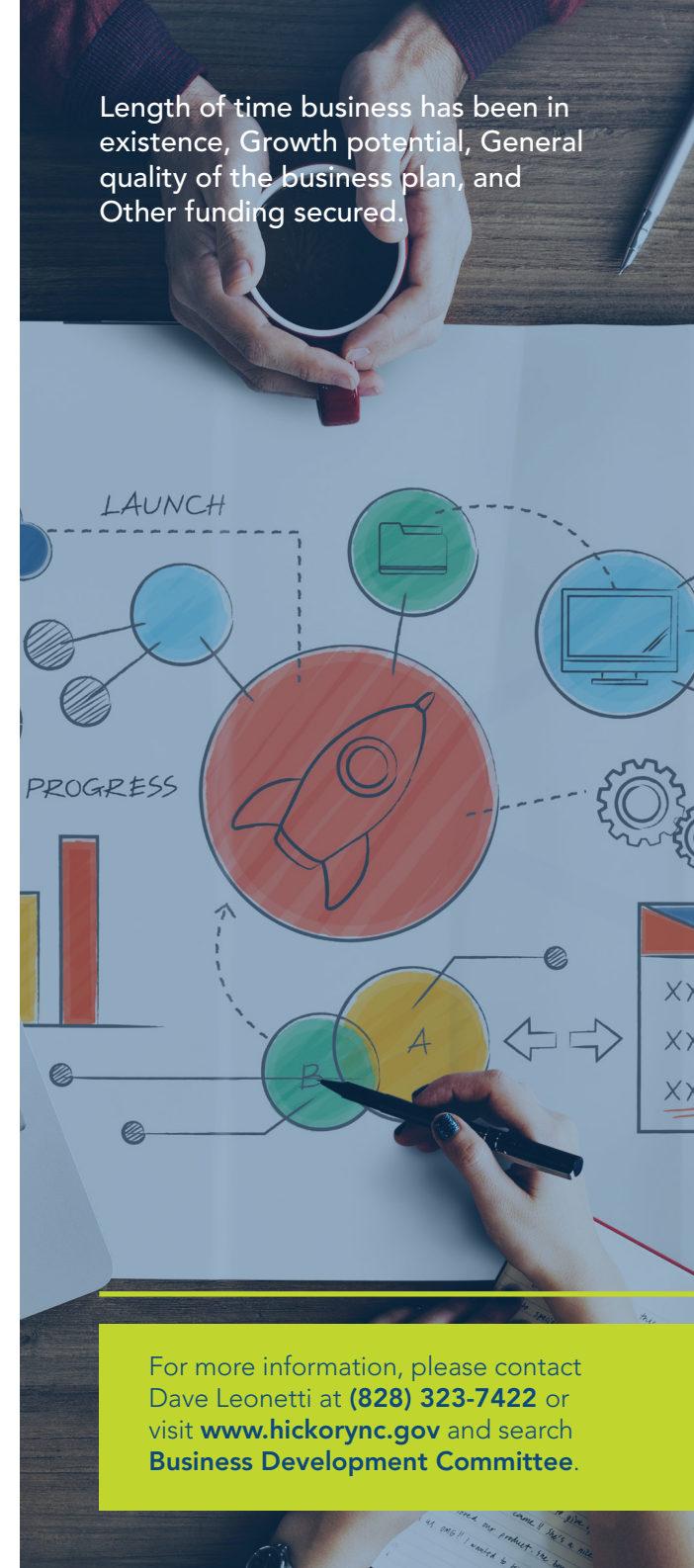
Applicants should discuss their business with one of two local small business counseling agencies: the CVCC Small Business Center or the Small Business Technology Development Center.

The business owner must complete and return the application form and required attachments to the Planning Department, which includes a recommendation letter from one of the two counseling agencies.

Once a complete application has been received, the Business Development Committee will review application and make a recommendation to City Council, who ultimately makes the decision to fund a proposal.

Applicants are required to submit a business plan and financial projections. The following criteria are used by the Business Development Committee to review

Length of time business has been in existence, Growth potential, General quality of the business plan, and Other funding secured.



For more information, please contact Dave Leonetti at (828) 323-7422 or visit [www.hickorync.gov](http://www.hickorync.gov) and search **Business Development Committee**.