



## Small Business Loan Overview

The Small Business Loan Project (SBLP) can assist Davenport businesses either owned by a low to moderate income individual (LMI) or a business that will be adding at least one full time or full time equivalent positions that are held by at least 51% low to moderate income individuals. This program offers loans of up to \$30,000 per new full time job created with 25% of the total loan forgiven after the successful job creation and retention for a three month reporting period.

The maximum amount of loan funds are not guaranteed, rather each project is subject to financial analysis and approval by City staff.

### Federal Assistance Requirement

The SBLP is federally funded via the City's Community Development Block Grant. In order to qualify for these funds, projects must meet at least one national objective set up by the CDBG program. The national objective that we are seeking to meet is: Activities Benefiting Low to Moderate Income Persons. Applicants can qualify in one of the following ways:

- **The owner of the company must be a low to moderate income person.**
- **The business must be creating jobs for low to moderate income persons.** This means that at least 51% of all newly created positions must be held by low to moderate income persons.
- **Your business must be retaining jobs for low to moderate income persons that would be lost if project and loan did not go forward. Substantial proof is required to document potential job loss.** If you are seeking qualification through retained jobs, 51% of your current employees must be low to moderate income.

### Loan Overview

Applicants must complete the Small Business Application and submit all required attached documents. Review of your application will not begin until all application components have been completed.

Applications must include well thought out financial projections. If the financial projections are not complete or unrealistic, applicants will be asked to resubmit or contact an assistance source such as the Small Business Development Center or Quad Cities SCORE. Applicants are strongly encouraged to meet with these free sources of business counseling in advance of submitting an application.

Business must be in good standing with all local taxes, licenses and permitting.

Businesses selling carryout liquor, tobacco and related items and adult entertainment based businesses are not eligible. Home based online retail sales businesses are not eligible.

## **Good Credit Standing**

Applicants must be in good credit standing on all City accounts and per their credit report, have no outstanding judgements, collections or late fees. If any issues are identified, the applicant has 30 days in which to rectify and provide written proof that all accounts are up to date. If applicants are not able to bring all accounts up to day within 30 days, they must wait a minimum of six months after denial to reapply for loan funds.

## **Bankruptcy**

If you have filed for bankruptcy the following guidelines must be adhered to prior to submitting an application.

- **Chapter 7 Bankruptcy:** Applicant must wait five years after discharge prior to applying for assistance.
- **Chapter 13 Bankruptcy:** Applicant must have completed their payment plan and show proof of discharge. Applicant must wait one year after discharge prior to applying for assistance.

## **Fair Lending Compliance**

Economic Development Programs will be implemented consistent with fair lending laws. No person or business shall be excluded from participation in, denied the benefit of, or be subjected to discrimination under any program or activity funded in whole or in part with Program funds on the basis of his or her religion or religious affiliation, age, race, color, ancestry, national origin, sex, marital status, familial status, physical or mental disability, sexual orientation, or other arbitrary cause. All personal information of loan applicants will be kept confidential.

## **Loan Terms**

Small Business Loans carry a 2% interest on loans for up to 60 months (5 years) for \$30,000 loans. Loans that exceed \$30,000 can request a longer payment not to exceed 10 years subject to review by the City of Davenport. Following successful job creation and retention, 25% of the total loan will be forgiven. All loans are to be paid back on a monthly basis.

## **Collateral**

All loans must be secured by collateral equal to the amount of the total loan. Collateral can include:

- Secured liens of real property such as businesses or homes
- UCC liens on machinery, equipment & inventory
- Titles to vehicle
- Personal or corporate guarantees

## **Expenses**

The SBLP typically operates on a reimbursement basis. Businesses will need to submit receipts to receive reimbursement for eligible expenses. Once documentation is received and processed funds will be disbursed via check to the business. The following costs are examples of commonly reimbursed items.

- Operating capital (such as payroll, rent, utility fees)
- Purchase of inventory
- Purchase of furniture
- Purchase of building or equipment
- Rehabilitation of internal or external leased space or owned buildings (subject to Davis Bacon construction wages)

## **Ineligible Costs**

- Expenses incurred prior to the loan approval
- Subsidy of interest payment on existing loans
- Refinancing of existing debt

## **Additional Loan Obligations**

In addition to the terms and conditions of the loan, all borrowers shall agree to comply with the following:

- The creation and/or retention of the agreed upon number of jobs within 6 months of the date of the execution of the loan agreement with the City and maintain those jobs for three months.
- To maintain records on the project that is necessary for the City to determine if the performance of the business complies with the terms of the loan agreement.
- To submit the following documentation during the outstanding term of the CDBG loan: a) receipts documenting eligible expenses b) quarterly Iowa Employer Contribution report c) completed income verification sheets for each new employee

Application are available from Community & Economic Development at Davenport City Hall.

Hours: 8am-5pm  
Monday-Friday

Applications are also online at:  
[www.cityofdavenportiowa.com](http://www.cityofdavenportiowa.com)

Community & Economic Development  
226 West 4th Street  
Davenport, IA 52801  
563.326.7765

*For the Hearing and Speech Impaired*  
TTY 563.326.6145

## **Resources**

Below is a list of other resources in the community that may also be able to assist your small business.

**Small Business Development Center** offers one-on-one business counseling, variety of educational opportunities and connection to service providers.

<https://www.eicc.edu/businesses/small-business-development-center/> or 563-336-3401

*Office: 101 W 3rd St, Suite 161, Davenport, IA*

**SCORE** provides free and confidential business counseling with business mentors

[www.quadcities.score.org](http://www.quadcities.score.org) or 309-797-0082

*Office: 1601 River Drive, Moline, IL*

**Quad Cities Chamber** works with local businesses to identify business needs, obstacles and opportunities and connect them with the proper resource to meet their goals.

[www.quadcitieschamber.com](http://www.quadcitieschamber.com) or 563-322-1706

*Office 331 W 3rd St, Davenport, IA*

**Davenport Downtown Partnership** provides leadership and advocacy for downtown economic development and might have other assistance programs to offer businesses locating in the immediate downtown.

[www.downtowndavenport.com](http://www.downtowndavenport.com) or 563-322-1706

*Office 331 W 3rd St, Davenport, IA*