EXECUTIVE SUMMARY

The Ohio CDC Association (OCDCA) is now accepting applications from organizations that provide or are wishing to implement a microbusiness training and technical assistance program funded by the Ohio Microbusiness Development Program (OMBDP) during program year 2021. The goals of the project are to address barriers to self-sufficiency and job creation. OCDCA is seeking to fund projects that work with low to moderate income individuals needing assistance to start or expand a microbusiness in order to become self-sufficient.

The grant period for all eligible activities for the Ohio Microbusiness Development Program (OMBDP) is for twelve months, (January 1, 2021 – December 31, 2021) or one year. All funds must be drawn down by the end of January 2022. Funds should be expended and the final performance report submitted and ready for closeout by the end of February 2022.

The maximum grant award shall be $30,000. Of this, up to 10% may be used for administrative expenses.

Furthermore, your organization has the option to apply for some additional funding via this announcement for the Microbusiness Recoverable Grant Fund (MBRGF). If you plan to make loans, and would like to make application to the Ohio Microbusiness Recoverable Grant Fund, please reference the Appendix at the end of this funding announcement for further information and application requirements. Like the OMBDP, the funding cycle is for twelve months (January 1, 2020 through December 31, 2020). An applicant can request up to $10,000 from the MBRGF.

The amount requested for loans should not be included in the overall grant request amount. For instance, if you request $27,000 for T&TA, $3,000 for Admin, and $5,000 in loan fund access, your total grant request is only $30,000 (the T&TA/Admin portion).

FUNDING RESTRICTIONS

This funding is restricted to the provision of training and technical assistance activities for either start-up microbusinesses or for the expansion of existing microbusiness.

We will also provide loan funds to projects seeking to offer small loans via the Ohio Microbusiness Recoverable Grant Fund. (See Appendix for more information)

ELIGIBILITY

In order to be considered for funding, your organization must be a 501(c)(3) and in good standing with the OCDCA. Good standing is defined as
• Up to date with membership dues
• No outstanding program fees

**APPLICATION FORMAT**

Please carefully read the following instructions.

Applications will consist of only two PDF uploads, one for the narrative and one for attachments.

The first upload will consist of the project narrative and application for the Microbusiness Recoverable Grant Fund, if applicable. The project narrative contains four funding criteria which your organization must address. The criteria are:

• Program Design (50 points)
• Financial Strategies (15 points)
• Organizational and Staff Profile (15 points)
• Budget and Budget Justification (20 points)

The second upload will consist of the application attachments. Those attachments are:

1. Articles of Incorporation or By-laws;
2. One page resumes for no more than 2 key staff and/or consultants responsible for the project;
3. Agency Balance Sheet
4. List of Board Members
5. Authorizing Board Resolution
6. Tables I-IV
7. Third Party Agreements (If applicable)
8. 3 Letters of Commitment

Each upload must be labeled, reflecting the content and the name of the organization. For example, the first upload should be labeled, OMBDP or OMDPB/MBRGF Project Narrative [Insert Name of Applicant Organization]. The second upload should be labeled, OMDPB Appendix [Insert Name of Applicant Organization].

**MICROBUSINESS RECOVERABLE GRANT FUND**

The Microbusiness Recoverable Grant Fund (MBRGF) application must be inserted at the end of your project narrative. If applicable, please indicate at the end of your project narrative that your organization is not applying to the MBRGF.

**PAGE LIMITATIONS**

*The project narrative* should not exceed 25 pages in length, if the organization is not applying for the MBRGF. If the organization is applying for the MBRGF, the project narrative should not exceed 30 pages.

*Attachments* should not exceed 35 pages.
Any application that exceeds the page limitations may not be reviewed in its entirety. The application deadline is on or before, 5:00pm on October 30, 2020.

_OCDCA will not consider any applications that arrive after that deadline or are incomplete. No exceptions!_

Any questions about the application format or the program should be directed to Suzanne Parks at 614-461-6392 ext. 206, or sparks@ohiocdc.org.

Eligible nonprofits must submit the application electronically, in PDF format. _Electronic submission will involve a two-upload format and must be uploaded in Forms+ at https://www.formpl.us/form/1581286001_

**TABLE OF CONTENTS:**

All applications must include a Table of Contents with corresponding page numbers for the project narrative and the attachments.

**PROJECT ABSTRACT:**

Each application needs to include an overview of the project. The project overview should outline a brief description including the name of the applicant, amount of funds requested, needs to be addressed, population(s) to be served, location and amount of funds your organization is going to leverage toward the project. Please limit your abstract to one page.

**PROJECT NARRATIVE:**

The project narrative provides the majority of information by which an application is evaluated. The project narrative will be ranked in competition with other applications for funding. The project narrative will address all funding criterion including the program design, organizational capacity and how the project will achieve outcomes.

**FUNDING CRITERIA – PROGRAM DESIGN (50 POINTS):**

Applications must demonstrate the project’s objectives and need for assistance. In order to receive the maximum points for this criterion, the following elements must be addressed in detail in your application.

**Statement of Need:** In order to demonstrate this sub-criterion, include the following in your explanation.

- Provide an explanation of the community need for microbusiness training and technical assistance. The description should include recent statistical data that has been assessed within the last five years or a brief description of a community assessment, consumer input or survey results.
- Identify the agency’s service area by either municipality or county.
- Characterize your target population. Include socio-economic and demographic information of the population for whom this program is designed. Describe how the program will be marketed
to encourage low- and moderate-income applicants.

- Provide a brief description for how the project aligns with your organization’s mission.

**Goals, Objectives and Project Timeline:** In order to demonstrate this sub-criterion, include the following in your application.

- Define your projects goals and objectives.
- Estimate outputs for the proposed program including, at minimum, the following list. Use the same format as Table II:
  - Number of individuals enrolling in training.
  - Number of individuals completing training (include agency’s definition of completion).
  - Number of technical assistance consultations.
  - Number of individuals applying for loans.
  - Number of individuals receiving loans (indicate source of loan – agency or other).
  - Number of business starts (list those receiving loans and those not receiving loans separately).
  - Number of business expansions (list those receiving loans and those not receiving loans separately).
  - Number of jobs created/retained.
  - Number of LMI individuals served. (Defined as 80% of Area Median Income)
- Submit a quarterly timeline for the project. Include the drawdown schedule demonstrating the plan to ensure all of the funds will be expended by the end of the project.

**Outreach, Enrollment and Retention:** In order to demonstrate this sub-criterion, include the following in your application.

- Describe the plan for how the organization will recruit and retain project participants. Explain the organization’s process for screening clients for eligibility and criteria for program acceptance.
- Explain your participant retention plan.

**Training and Technical Assistance Program:**

- Describe the training and technical assistance component(s) of the program, including orientation, content, duration (number of classes, length of class, and number of weeks), graduation requirements, and follow-up support.
- Discuss the training curriculum in terms of the program goal(s) and agency focus.

**Partnerships:**

- Describe any partnerships (private, non-profit or public) that will be utilized to ensure the success of the project. Include specific elements of the collaboration including the name, status and the role they will play in the project.
- Identify the Ohio Small Business Development Center that serves your service area and if not previously specified, describe any past or present partnerships that you have with that center.
- Include in the application signed letters of commitment. General letters of support are not considered to be letters of commitment. Letters of commitment must clearly describe the project activities and support to which the partner is committing. Letters of commitment must
be signed by the individual with the authority to make commitments on behalf of their organization.

Program Sustainability:
Describe any plans the agency has for program sustainability. For example, does the agency plan to return interest repayments on loans to establish a revolving loan fund for microbusiness lending? Will the agency be able to leverage other resources in the future to keep the program going without the assistance of this grant?

FUNDING CRITERIA – FINANCIAL STRATEGIES AND FEASIBILITY (15 POINTS)

This criterion should illustrate the extent to which the organization will be able to utilize the funding requested by the end of the project time period. In order to receive the maximum points for this criterion, the following elements must be addressed in detail in your application.

The applicant must submit a plan describing the organization’s financial strategies for the project. The plan should address the following elements:

- Describe how the amount requested will commensurate with the projected outcomes of the project.
- Demonstrate that the project is financially feasible and all of the funds will be expended by the conclusion of the one year grant period.
- Describe potential barriers that might prevent your organization from utilizing the full amount of the award. Explain the plan of action to ensure all of the funds will be expended.
- Provide an assessment of existing financial resources for microbusiness development. Discuss how the agency has leveraged funds in the past and how the agency hopes to leverage funds in the future in coordination with its microbusiness efforts.

FUNDING CRITERIA – ORGANIZATIONAL AND STAFF PROFILE (15 POINTS)

This criterion will illustrate the extent to which the application demonstrates that the organization, staff, and project partners have sufficient overall experience to carry out the project within the one-year project period. In order to receive the maximum points for this criterion, the following elements must be addressed in detail in your application.

- Explain the organization’s mission and how it aligns with the goals of the OMBDP.
- Provide a brief history of your organization. Please include information that would demonstrate sufficient, similar or relevant past experience operating a microbusiness development program.
- Demonstrate through biographical sketches and/or resumes that the identified staffs and consultants are qualified to conduct the project. If there are any vacancies, provide a timeline for hiring of new staff and a job description of the vacant position. Be sure to include the name(s) of staff that will be responsible for the MBRGF.
- Clearly describe the role of consultants or staff person’s responsibility for conducting the project.
FUNDING CRITERIA – BUDGET AND BUDGET JUSTIFICATION (20 POINTS)

The project budget is entered on Table III and Table IV, Budget Summary and Administrative Budget respectively. The budget justification consists of a budget narrative and a line-item budget that includes detailed calculations for object class categories. Allowable object class categories for training and technical assistance include salaries, vendor/consultant reimbursements, program space, equipment supplies, etc. Allowable expenses for administration can include overhead like rent, utilities, travel expenditures, etc. Provide a detailed explanation of funds that will be leveraged toward the project including amount, source of funds and whether they will be leveraged against training and technical assistance, admin or the lending component.

TABLES I-IV

Complete the following tables and include them in the second upload along with the other required attachments.

TABLE I Organization Profile

1. Requested Grant Amount $[

2. Legal Applicant/Recipient certifies that:

To the best of my knowledge and belief, data contained in the application are true and correct. This document has been duly authorized by the governing body of the applicant to comply with the required assurances if the assistance is approved.

______________________________
Signature

Type Name Here:

Title:

Date:

3. Legislative Representatives

<table>
<thead>
<tr>
<th>Legislative Body</th>
<th>Name</th>
<th>District Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. House of Representatives</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Ohio Senate
Ohio House of Representatives

4. Legal Applicant/Recipient Name
   Address
   City, County, ZIP Code
   CEO Name & Title
   CEO Telephone Number
   CEO Email Address

5. Administering Agency
   Contact Person & Title
   Address
   City, County, ZIP Code
   Telephone Number
   Email Address

6. Application Preparation (if not same as above)
   Name
   Address
   City, County, ZIP Code
   Telephone Number
   Email Address
### TABLE II – PAST PERFORMANCE

<table>
<thead>
<tr>
<th>Program Year</th>
<th>Program Year</th>
<th>Program Year</th>
<th>Program Year</th>
<th>Total Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>20___</td>
<td>20___</td>
<td>20___</td>
<td>20___</td>
<td>20___ to 20___</td>
</tr>
</tbody>
</table>

#### Training and Technical Assistance
- Number of Households Assisted
- Number Enrolled in Training
- Number Completed Training
- Technical Assistance Consultations
- Other:

#### Microfinance Volume and Performance**
- Total Number of Loans
- Total Amount Loaned
- Average Loan Size
- Average Rate
- Average Term
- Number of Loans Repaid in Full
- Number of Loans Delinquent
- Number of Loans in Default

#### Program Outcomes
- Total Number of Businesses Assisted
- Number of Business Starts
- Number of Business Expansions
- Total Number of LMI Individuals Served
- Jobs Created or Retained (FTE)
- Other:

*Please explain any difference between projected and actual outcomes.

**Numbers should reflect loans made during that program year.
### TABLE III – BUDGET SUMMARY

<table>
<thead>
<tr>
<th>Activity Name</th>
<th>Total Cost</th>
<th>OMBDP</th>
<th>Other Funds</th>
<th>Sources of Funds</th>
<th>Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans: MBRGF</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Loan Programs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal Loans</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training/Technical Assistance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### TABLE IV – ADMINISTRATION BUDGET

<table>
<thead>
<tr>
<th>Expense</th>
<th>Employee</th>
<th>Rate per Hour</th>
<th>Hours per Week</th>
<th>Total Weeks</th>
<th>Total Cost</th>
<th>CDC State</th>
<th>Other Funds</th>
<th>Source of Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Position/Name</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Position/Name</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Position/Name</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Position/Name</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Position/Name</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fringe Benefits</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rent/Utilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office Equipment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Travel</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (specify)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (specify)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX

Ohio CDC Association Microbusiness Development Program
Explanation of the Recoverable Grant Fund

Ohio Microbusiness Recoverable Grant Fund

Overview
The lending portion of the Ohio Microbusiness Development Program is now operated as a centralized recoverable grant fund program. The recoverable grant funds shall be available on a first-come, first-served basis to qualified Ohio Microbusiness Development Program grantees (“Grantees”) for use in funding micro-loans to qualified microbusiness clients (“Clients”). A maximum of $10,000 of recoverable grant funds shall be available to any single Grantee. Note, each loan request shall not exceed $5,000. Please refer to the Appendix of this document for a complete list of the rules, terms and conditions applicable to this program.

Process
In order to use the recoverable grant funds, Grantees shall simply submit a draw request with appropriate supporting documentation (approved client loan application, business plan, amortization schedule). Upon approving the draw request, Ohio CDC Association shall make a recoverable grant to the Grantee. The Grantee can then make the corresponding micro-loan to their Client at the rate and terms decided upon by the Grantee and its loan review committee. The Grantee retains autonomy over its own lending decisions, as it currently does.

The grant funds are recoverable because, as the Client repays its micro-loan to the Grantee, the Grantee uses the principal portion of those payments to repay the recoverable grant to Ohio CDC Association. The Grantee keeps the interest portion of the loan payments, together with any loan fees it charges its Client.

In the event a Client is delinquent in a loan payment and Grantee has not called a default on the loan, the Grantee must execute its workout procedure to attempt to collect delinquent payments on a schedule mutually agreed upon by the Grantee and its Client. In turn, the Grantee and Ohio CDC Association shall enter into a similar workout agreement. In the event a Client defaults on loan payment obligations, the Grantee is expected to exercise its legal rights and remedies under the loan documents and to execute its existing collections procedure. Upon collecting any loan proceeds following an enforcement action (whether by liquidating collateral, obtaining payment by any guarantor, or otherwise), the Grantee shall split the recovered proceeds 50%/50% with Ohio CDC Association in order to off-set Grantee enforcement costs and to recapitalize the recoverable grant fund program, respectively.

So long as the Grantee has exercised commercially reasonable efforts to collect on a defaulted micro-loan in accordance with its enforcement and collections procedures as provided above, the Grantee shall not be required to repay the remainder of the recoverable grant to Ohio CDC Association.
Ohio CDC Association Microbusiness Development Program
Recoverable Grant Fund Rules

Purpose and scope

(a) This contains the provisions and procedures by which the Ohio CDC Association (the “Agency”) shall administer the Microbusiness Recoverable Grant Fund (the “MBRGF”). The purpose of the MBRGF program is to support the development and ongoing success of Low-to-Moderate Income micro-entrepreneurs and microbusinesses in the State of Ohio. To accomplish this purpose, the Agency shall make recoverable grants from the MBRGF to qualified Ohio Microbusiness Development Program grantees (“Grantees”). Grantees shall use the recoverable grant funds to:

(1) Provide fixed interest rate micro-loans to qualified micro-entrepreneurs and micro-enterprises located in their constituencies (“Clients”) for eligible business activities, including startup and expansion costs and expenses;

(b) A qualified Grantee is defined as an Agency Member in good standing that has been approved by the Agency for participation under the MBRGF program.

Exception authority

The Agency may make limited exceptions to the requirements or provisions of this subpart. Such exceptions must be in the best financial interest of the Agency and may not conflict with applicable law. No exceptions may be made regarding applicant eligibility or project eligibility. In addition, exceptions may not be made:

(a) To accept an applicant into the MBRGF program that would not normally be accepted under the eligibility or scoring criteria; or

(b) To fund an interested party that has not successfully competed for funding in accordance with the regulations.

Program requirements for Grantees

(a) Eligibility requirements for applicants. To be eligible for the Ohio Microbusiness Development Program, an applicant must meet the eligibility requirements stated in the application for funding. In order to be eligible for a recoverable grant under the MBRGF program, the applicant’s submission must be approved for funding by the Agency, thereby changing the applicant’s status to Grantee. The recoverable grants are only available to Grantees.

Terms of recoverable grants to Grantees

(a) Purpose of the recoverable grants. Recoverable grants shall be made to eligible and qualified Grantees such that they shall distribute these funds to Clients who consist of micro-entrepreneurs and microbusinesses in Ohio.
(b) **Eligible activities.** Grantees may use recoverable grant funds only to make fixed interest rate micro-loans to Clients for eligible business activities, including startup and expansion costs and expenses.

(c) **Ineligible activities.** Grantees may not use recoverable grant funds for administrative costs or expenses and may not make micro-loans under the MBRGF program for ineligible purposes as specified in “Ineligible micro-loan purposes and uses” set forth below.

(d) **Matching requirement.** Recoverable grant funds must be matched 1:1 by the Grantee with another source of loan funds for the purpose of making a micro-loan to a Client.

   (1) Recoverable grant funds shall share equal priority in repayment with other sources of loan funds raised by Grantee for use in the MBRGF program.

(e) **Recoverable grant terms and conditions for Grantees.** Recoverable grants under the MBRGF program shall be subject to the following terms and conditions:

   (1) Grantee shall comply with the terms and conditions of a MBRGF grant agreement (“Grant Agreement”) executed by the Agency and Grantee.

   (2) The term of the recoverable grant made to a Grantee shall be one to four (1-4) years.

   (3) Partial or full repayment of the recoverable grant may be made to the Agency at any time without any pre-payment penalties being assessed.

   (4) The Grantee is responsible for repayment of the full amount of its recoverable grant to the Agency, so long as the Client has fully met its repayment obligations to the Grantee under the terms of its micro-loan.

   (i) The Grantee shall make regular quarterly payments to the Agency on all recoverable grants to the extent that Clients are making regular payments on their micro-loans.

   (5) Within 10 business days of its receipt of a disbursement of recoverable grant funds from the Agency, the Grantee must make one or more micro-loans to Clients in the aggregate amount of such disbursement.

   (6) Each recoverable grant made from the Agency to a Grantee during its participation in the MBRGF program shall bear an interest rate of zero percent (0%).

   (7) Recoverable grant proceeds may only be used by Grantees to make approved micro-loans as provided herein.

   (8) In the event a Grantee fails to meet its repayment obligations to the Agency due to a delinquency or default from the Grantee’s Client, the Grantee must promptly contact the Agency and the following shall apply:
(i) If a Client is delinquent in a loan payment and Grantee has not called a default on the micro-loan, the Grantee must execute its workout procedure to attempt to collect delinquent payments on a schedule mutually agreed upon by Grantee and Client. In turn, Grantee and the Agency shall enter into a similar workout agreement, which may or may not include a dissolution, termination, or modification of the Grant Agreement.

(ii) If a Client defaults on its loan payment obligations, the Grantee is expected to exercise its legal rights and remedies under the micro-loan documents and to execute its existing collections procedure. Upon collecting any loan proceeds following an enforcement action (whether by liquidating collateral, obtaining payment by any guarantor, or otherwise), the Grantee shall split the recovered proceeds 50/50 with the Agency in order to off-set Grantee enforcement costs and to recapitalize the MBRGF program, respectively.

(iii) So long as the Grantee has exercised commercially reasonable efforts to collect on a defaulted micro-loan in accordance with its enforcement and collections procedures as provided above, the Grantee shall not be required to repay the remainder of the recoverable grant to the Agency.

(f) Recoverable grant funding limitations:

(1) Minimum and maximum recoverable grant amounts. The minimum recoverable grant amount a Grantee may request under the MBRGF program shall be $500. The maximum individual recoverable grant amount any Grantee may request on a single grant under the MBRGF program shall be $5,000. In no case shall the aggregate outstanding balance owed to the Agency under the MBRGF program by any single Grantee exceed $10,000 per grant period.

(g) Recordkeeping, reporting, and oversight. Grantees must maintain all records applicable to the MBRGF program and make them available to the Agency upon request. Grantees must submit semi-annual reports as follows:

(1) Periodic reports. On a bi-annual basis, as stated in Attachment C of the Grant Agreement, each Grantee that has an outstanding recoverable grant under the MBRGF program must provide to the Agency:

(i) Bi-annual reports, containing such information as the Agency may require to ensure that funds provided are being used for the purposes for which the recoverable grant to the Grantee was made. At a minimum, these reports must identify each micro-borrower under the MBRGF program and should include a discussion reconciling the Grantee's actual results for the period against its goals, milestones, and objectives as provided in the application package.

(2) Combining accounts and reports. If a Grantee has more than one recoverable grant from the Agency, the status of each must be reported separately.

(3) Delinquency. In the event that a Grantee has delinquent loans in its portfolio, reports shall include a narrative explanation of the steps being taken to cure the delinquencies.
(4) Site visits. The Agency may, at any time, choose to visit the Grantee and inspect its files to ensure that program requirements are being met.

(5) Access to Grantee’s records. Upon request by the Agency, the Grantee shall permit representatives of the Agency to inspect and make copies of any records pertaining to operation and administration of the MBRGF program. Such inspection and copying may be made during regular office hours of the Grantee or at any other time agreed upon between the Grantee and the Agency.

(6) Changes in key personnel. When any changes are made to key personnel, the Grantee must notify the Agency.

Loans from the Grantees to Clients

The primary purpose of making a recoverable grant to a Grantee is to enable that Grantee to make micro-loans to Clients who are Low-to-Moderate Income (LMI) micro-entrepreneurs and microbusinesses located in Ohio. The Ohio Housing Trust Fund defines LMI as 80% of the Area Median Income or below. It is the responsibility of each Client to repay the Grantee in accordance with the terms and conditions agreed to with the Grantee. It is the responsibility of each Grantee to make micro-loans in such a fashion that the terms and conditions of the micro-loan shall support the Client’s success while enabling the Grantee to repay the Agency.

(a) Maximum micro-loan amount. The maximum aggregate amount of micro-loans made to any single Client under the MBRGF program shall be $5,000.

(b) Micro-loan terms and conditions. The terms and conditions for microloans made by Grantees shall be negotiated between the prospective Client and the Grantee, with the following limitations:

(1) No micro-loan may have a term of more than 4 years;

(2) The interest rate charged to the Client shall be established at or before the closing of the micro-loan;

(3) The Grantee may establish its margin of earnings but may not adjust the margin so as to violate Fair Credit Lending laws. Margins must be reasonable so as to ensure that micro-loans are affordable to the Clients; and

(4) The Grantee may keep all interest paid on the micro-loan, together with any loan fees it charges its Clients, so long as Grantee’s margins comply with Section (b)(3) above. Only the principle portion of the micro-loan is required to be repaid by the Grantee to the Agency, in order to recapitalize the MRLF.

(c) Micro-loan insurance requirements. The requirement of reasonable hazard, key person, and other insurance shall be at the discretion of the Grantee.

(d) Credit elsewhere test. Clients shall be subject to a “credit elsewhere” test so that the Grantee shall make micro-loans only to those borrowers that cannot obtain business funding of $5,000 or less at affordable rates and on acceptable terms from another source. Each Client file must contain evidence that the Client has sought credit elsewhere or that the rates and terms available within the community
at the time were outside the range of the Client’s affordability. Evidence may include a comparison of rates, loan limitations, terms, etc. for other funding sources to those forth offered by the Grantee. Denial letters from other lenders are not required.

(e) *Fair credit requirements.* To ensure fairness, Grantees must publicize their rates and terms on a regular basis. Grantees are also subject to Fair Credit lending laws.

(f) *Eligible micro-loan purposes.* MBRGF recoverable grant funds may be used by Grantees to make micro-loans to Clients for any legal business purpose not identified in “Ineligible micro-loan purposes and uses” set forth below. Examples of eligible business activities and expenses include, but are not limited to:

1. Working capital;
2. The purchase of furniture, fixtures, supplies, inventory or equipment;
3. Debt refinancing;
4. Business acquisitions; and
5. The purchase or lease of real estate that is already improved and shall be used for the location of the subject business only, provided no demolition or construction costs shall be financed with MRFG funds.

**Ineligible micro-loan purposes and uses**

Recoverable grant funds shall not be used by Grantees to make micro-loans under the MBRGF program for any of the following ineligible purposes and uses:

(a) Any amount in excess of that needed by a Client to accomplish its immediate business goals.

(b) Assistance that will cause a conflict of interest or the appearance of a conflict of interest including but not limited to:

1. Financial assistance to principals, directors, officers, or employees of the Grantee, or their close relatives as defined; and
2. Financial assistance to any entity the result of which would appear to benefit the Grantee or its principals, directors, or employees, or their close relatives, as defined, in any way other than the normal repayment of debt.

(c) Distribution or payment to a Client when such will use any portion of the micro-loan for other than the purpose for which it was intended.

(d) Distribution or payment to a charitable institution not gaining revenue from sales or fees to support the operation and repayment of the micro-loan.
(e) Micro-loans to a fraternal organization.

(f) Any micro-loan to applicant Client that has an MBRGF funded micro-loan application pending with another Grantee or that has an MBRGF funded micro-loan outstanding with another Grantee that would cause the applicant to owe a combined amount of more than $5,000 to one or more Grantees under the MBRGF program.

(g) Assistance to Agency employees, or their close relatives, as defined.

(h) Any illegal activity.

(i) Any project that is in violation of either a Federal, State, or local environmental protection law, regulation, or enforceable land use restriction unless the microloan will result in curing or removing the violation.

(j) Microloans to lending and investment institutions and insurance companies.

(k) Golf courses, race tracks, or gambling facilities.

(l) Any lobbying activities.

(m) Lines of credit.

(n) Construction or demolition; provided, however, that neither interior decorating nor the affixing of chattel to walls, floors, or ceilings are considered to be construction or demolition.

(o) To pay debt service on another MBRGF funded micro-loan.

Agency’s remedies upon Grantee violation.

In the event a Grantee violates any of the terms, conditions or requirements of the MBRGF program as set forth in the foregoing rules, the Agency shall have the right to implement one or more of the following remedies:

(i) the Agency may terminate the Grant Agreement;

(ii) the Agency may disqualify the Grantee from receiving any additional or future recoverable grant funds under the MBRGF program; and

(iii) the Agency may demand that the Grantee return all or any portion of the recoverable grant funds already disbursed to the Grantee.
Loan Approval, Structuring and Servicing (if applicable)

- Describe how client eligibility for loan application is determined.
- Discussion should include an explanation of the agency’s underwriting criteria.
- Describe in detail loan structuring policies, including loan size, rate and term structure, and collateral requirements.
- Describe loan review procedures, including board structure, approval, and appeals.
- Describe the process for monitoring loan repayment and program progress.
- Describe the agency’s loan tracking system and include information on loan packaging software, if applicable.
- Describe policies and procedures in place for delinquencies, collections and workouts.
- Explain which organizations and individual staff members will be responsible for carrying out the lending component of the program. Include résumés and credentials of all staff and non-staff involved in loan administration.
- An agency description, which includes a discussion on lending experience, should be provided for any agency that will be assisting the applicant with the project’s loan servicing component.