

NLR COVID-19 SMALL BUSINESS ECONOMIC SUPPORT FUND
CARES Act Community Development Block Grant Coronavirus (CDBG-CV)

1. Forgivable Loan Program.

- a. Any applicant (“Applicant”) requesting forgivable loan funds (“Loan funds”) from the City of North Little Rock (“NLR”) agrees to use the funds only as set forth in these terms and conditions. Applicant acknowledges and agrees that any loan made by NLR is discretionary and that the Applicant may not be awarded any Loan Funds or any or a lesser amount of Loan Funds than requested.
- b. Applicant acknowledges that it is responsible for correctly completing its application for Loan Funds and that NLR will not consider incomplete applications.
- c. The provisions of the Small Business Economic Support Fund Summary are incorporated into these terms and conditions by reference.
- d. Twenty Percent (20%) of approved funds will be set aside for minority, women or disabled veteran owned businesses as defined in ARK CODE 15-4-303.
- e. Only one loan will be approved per applicant. If multiple applicants are affiliated under a common shareholder or management control, only one loan will be approved per controlled group of affiliates.

2. Purpose. In response to the economic hardships experienced by small businesses resulting from the COVID-19 pandemic, the City of North Little Rock is launching the COVID-19 Small Business Economic Support Fund in an effort to stabilize local businesses and retain jobs. This program is made possible with funding provided by the Department of Housing and Urban Development’s Community Development Block Grant – Coronavirus (CDBG-CV) Program. The primary objectives of the program are to assist Small Businesses and Low-to-Moderate Income (LMI) households. This fund is to be used as temporary gap financing. The Loan Funds may only be utilized for Qualifying Costs (as defined below). In consideration for receiving Loan Funds, Applicant agrees to use funds for eligible uses and if qualifying under the job retention requirement, agrees to use commercially reasonable best efforts to continue to employ the number of full time or full time equivalent (“FTE”) employees as set forth in its application for the three month period following receipt of Loan Funds

3. Use of Loan Funds.

- a. Political Activity. No portion of the Loan Funds will be used for any partisan political activity or to further the election or defeat of any candidate for public office or influence the approval or defeat of any ballot issue.
- b. Prohibition Against Payment of Bonus. No portion of the Loan Funds will be used by the applicant to pay any bonus or commission in return for obtaining the Loan Funds.
- c. Qualifying Costs. Loan Funds will be used to only towards the following Qualifying Costs:
 - i. Personal Protective Equipment(PPE) masks, hand sanitizer and other sanitary supplies(consumable) for employees and customers;
 - ii. Rent for Applicant’s business location;
 - iii. Utility payments for Applicant’s business location;
 - iv. Payroll expenses for Applicant’s business;

- v. Applicant must expend Loan Funds within six months from award date.
- vi. Applicant may not use the Loan Funds for any expense for which the Applicant has received reimbursement or payment from another program administered or funded by the state, federal government or other funds.

4. Disbursement of Funds.

- a. Application for Loan Funds. The Loan Funds shall be dispersed to the Applicant upon it demonstrating to NLR's reasonable satisfaction that it is a bona fide business eligible for the program. NLR's approval of the completed electronic application is conditioned upon the receipt of the following:
 - i. Applicant's electronic acknowledgment agreeing to be bound by these terms and conditions;
 - ii. A current business license with the City of North Little Rock;
 - iii. Proof of business being located inside the city limits of North Little Rock;
 - iv. Applicant will provide written documentation of need for the loan and a plan to use the Loan Funds;
 - v. Applicant must provide Tax ID#;
 - vi. Applicant/business must be registered with Sam.gov (ineligible if on disbarred list)
 - vii. Applicant must provide a DUNS#
 - viii. Applicant will provide proof of being in business for a minimum of two years;
 - ix. Applicant will provide documented loss of income due to COVID 19.
 - x. A completed IRS Form W-9;
 - xi. A copy of the majority stakeholder's current driver's license and SS#;
 - xii. Applicant will provide proof of being current with property tax, city business license and A&P fee or has a payment place in place with county and/or city as of March 30, 2020.
 - xiii. Additional documents to be made available upon request.
- b. Eligible Applicants. Below are the eligibility requirements;
 - i. Must be a For-Profit business with 1-20 employees.
 - ii. Microenterprise (1-5 employees including owner) Applicant from a qualified Low to Moderate Income household (LMI); OR
 - iii. Small business (1-20 employees) with 51% LMI employees, commits to retain at least one full-time or full-time equivalency (FTE) position held by an employee from an LMI household for a minimum of three (3) months from time of the loan disbursement; OR
 - iv. Small business (1-20 employees) is located in and primarily provides goods or services to a predominately LMI residential neighborhood (like a corner grocer)
 - v. Applicant should be majority owner; however, all owners will be required to certify as co-applicants and sign agreement with City if awarded
 - vi. Business must be 51% locally (resident of Arkansas) owned business
 - vii. Applicant cannot be currently in bankruptcy or have been subject to criminal or civil fines or penalties.
 - viii. Business must be in operation at time of Loan closing.
 - ix. Complete written agreement between Applicant and NLR.

- c. Disbursement of Loan Funds. Within ten (10) business days following NLR’s approval of application for Loan Funds, NLR will disperse half (1/2) of the funds and upon receiving receipts/documentation of how the funds were used, will disburse remaining half.
5. Terms. Below are the terms of the Loan program.
 - a. Forgivable Loan if requirements are met; deferred payment at 0% interest of loan amount up to \$10,000, until end of three month employee retention period and/or submission of all receipts within six months from award date; two year repayment period
 - b. To obtain Loan forgiveness;
 - i. Meet LMI income requirements.
 - ii. Must allow NLR to collect certain income and demographic data from Applicant and/or employee(s);
 - iii. Provide evidence (in the form of payroll records) of job retention of a LMI employee for a minimum of three (3) months, if meeting income requirement under job retention
 - iv. Provide documentation (receipts, cancelled checks) of expenses paid with loan
 - v. Applicant must allow NLR to collect third party documentation of income and/or financial information.
 - vi. Meet all requirements of written agreement.
6. Completion/close out. For forgiveness of loan, if Applicant chose to meet income requirement under job retention category, Applicant must submit documentation of retention of an LMI employee for minimum of three months after award of loan. In addition, all Applicants must expend loan amount on eligible uses within six months from date of award, and submit documentation in the form of invoice copies, cancelled checks copies, etc. within seven months from date of award. Applicant shall provide NLR with a certification that all Loan Funds have been expended and provide accounting for the expenditures for each Qualifying Cost. It is the responsibility of the Applicant to maintain copies of receipts for all Qualifying Cost. Applicant agrees to promptly return to NLR any unexpended or improperly sourced Loan Funds. All expenditures will be subject to an audit by the NLR and/or the Department of Housing and Urban Development (“HUD”). Records must be kept for up to five (5) years.
7. Representation and Warranties of the Applicant. Applicant represents and warrants that:
 - i. It is authorized to do business in the City of North Little Rock
 - ii. Each and every undertaking by Applicant in accordance with the terms and conditions hereunder are within the Applicant’s powers, have been duly authorized by all necessary corporate action, have received all necessary approvals, and do not contravene any law, regulation or decree or any contractual restriction;
 - iii. To the best of the Applicant’s knowledge, it owes no tax to any governmental body within the City of North Little Rock, Pulaski County or the State of Arkansas, excepting any tax attributed to a period in which a tax is not presently due; and
 - iv. All information provided by Applicant to NLR is true and complete in all respects.

WARNING: MAKING ANY INTENTIONAL MISREPRESENTATION ON YOUR APPLICATION FOR LOAN FUNDING CONSTITUTES FRAUD AND IS SUBJECT TO CRIMINAL PROSECUTION UNDER STATE AND FEDERAL LAWS!

8. Other Terms and Conditions

- a. Governing Law. These terms and conditions shall be governed under laws of the City of North Little Rock and the State of Arkansas. NLR is protected from suit by sovereign immunity. Nothing in these terms and conditions is intended to nor shall waive the sovereign immunity of the City of North Little Rock.
- b. Severability. If any provision of these terms and conditions or its application to any person or circumstance is held invalid by a court of competent jurisdiction, the invalid part shall not affect the enforceability of any other provision.
- c. Waivers. No conditions or provisions of these terms and conditions may be waived unless approved by NLR in writing.
- d. Subject to updated 2020 rules by HUD.
- e. Freedom of Information Act. Applicant acknowledges that NLR is a public entity of the State of Arkansas and is subject to the requirements of the Arkansas Freedom of Information Act, A.C.A. § 25- 19-101 et. seq. (“FOIA”). NLR must disclose to an FOIA requestor information concerning Applicant when, in the opinion of NLR’s legal counsel, NLR is legally required to disclose the requested information. Information concerning Applicant that may be disclosed under FOIA includes the identity of Applicant and the amount of Loan Funds it may have received.