



## CDBG Microenterprise Small Business

### Loan Program F.A.Q.'s



#### What is a “microenterprise”?

A “microenterprise” is a for-profit business with 5 or fewer employees, including the owner. The owner must meet HUD’s low-to-moderate household income thresholds, which is equal to 80% of Area Median Income.

#### What are the terms of the loan?

A \$15,000 Grant + a Five-year, 0% interest Working Capital Loan for up to \$10,000 per microenterprise owner, with a 12-month deferred payment period, for a total of \$25,000. Recipients must provide quarterly reports and documentation of eligible expenses (i.e. receipts, paid invoices).

#### What is a Working Capital Loan and what can it be used for?

A Working Capital Loan is used to finance everyday financial operations for small businesses that are lacking current cash flow. Working capital loans are used for short-term needs rather than long-term needs, assets, or investments.

Examples:

- Cover Utilities and Rent/Lease expenses
- Payroll--hire new employees or retain to support your business growth
- Introduce new items or restock inventory, product lines, or services to drive revenue
- Replace outdated equipment with newer models for your business
- Increase Technology Access/Upgrade
- Related costs to ensure safe work environment (equipment, training, supplies, professional cleaning)

#### What other eligibility requirements are there?

In addition to meeting the Low-to-Moderate Microenterprise definition, the following requirements must apply.

##### Owner must:

- Have a credit score above 500
- Not owe any Local, State, or Federal taxes or fees as of January 15, 2022
- Meet HUD’s low-to-moderate household income thresholds (See Table Below. Page 2)

##### The Business must:

- Have 5 or fewer employees, including the owner
- Have been established prior to or on January 15, 2022
- Be located within the City of Waukegan
- Be an existing and active Brick-and Mortar OR Home-Based business
- Demonstrate a negative impact related to COVID-19
- Not have received another COVID-19 grant or loan
- Obtain a DUNS # and register for SAM.gov (can apply while waiting for registration processing)

### What are the thresholds for household income?

Household income adds income from all individuals over 18-years-old living in your home. The total must fall below:

Household Size	Income Limit
1	\$58,350
2	\$66,700
3	\$75,050
4	\$83,350
5	\$90,050
6	\$96,700
7	\$103,400
8	\$110,050

### Where is the funding coming from?

CDBG stands for Community Development Block Grant, a federally funded program through the Department of Housing and Urban Development. This particular funding was allocated through the CARES Act, signed on March 27, 2020.

### Why do I need to register for SAM.gov? It takes too long to process.

SAM.gov is the federal governments system for tracking federal awards and is a requirement to receive assistance funded with federal money. You can submit your loan application before the processing of your SAM.gov registration is complete.

### When will I receive funding?

This loan is available on a First-Come, First-Served basis. Processing is anticipated to take 3-4 weeks and includes verification of eligibility, including total household income.

### Where can I apply?

The application will be available in both paper and electronic form starting July 15, 2022. You can find the electronic form at: <https://www.waukeganil.gov/942/Microenterprise-Small-Business-Program>. The application can be submitted and printed online electronically, however the “Authority to Verify Credit Information” and “Certification and Assurance” Forms must be signed with a wet signature and submitted to the CDBG Department. Your application is **not** considered complete until these are signed.

### If I have additional questions or need assistance in applying, who can I call?

Call Sharon Zavala or Laraesa Garland at (847) 599-2530

or

Email us at [CDBG@waukeganIL.gov](mailto:CDBG@waukeganIL.gov)