



COMMUNITY DEVELOPMENT BLOCK GRANT LOAN PROGRAM

(formerly Revolving Loan Fund Program)

The Michigan Economic Development Corporation (MEDC), on behalf of the Michigan Strategic Fund (MSF), administers the economic and community development portions of the Community Development Block Grant (CDBG) program. CDBG is a federal grant program utilizing funds received from the U.S. Department of Housing and Urban Development (HUD). The intended use of the CDBG Loan Program (CLP) is to provide loans to eligible small businesses, or UGLGs, to meet a national objective. As such, the use of proceeds of the loans should fall into the following categories:

1. Financing and/or refinancing of real property occupied by a small business where the definition of “occupied” and “small business” meet federal Small Business Administration defined standards.
2. Financing and/or refinancing of equipment used for business purposes.
3. Financing and/or refinancing of inventory and receivables.
4. Financing of working capital, including costs associated with activities such as engineering, sales, leasehold improvements, installation expenses, technology acquisition and enhancement activities, etc.
5. Financing and/or refinancing of debt used to exit or transition ownership into or out of the company.

The CLP program enables small businesses to secure funding for almost any typical business borrowing purpose, including the purchase of real and personal property, and working capital. More specific information, including program requirements can be found within the most recent CDBG application guide approved by the MSF.

WHO IS ELIGIBLE?

Applications for loans are considered on a continuous basis when funded with existing program income that is maintained at an existing local fund, or that has been sub-granted to a regional fund, and must be located within the geographic given to projects located within a county that has entered into a subrecipient agreement with a regional fund if the project will be utilizing new CDBG funds.

GENERAL PROJECT REQUIREMENTS

CLP projects will be evaluated as to their ability to meet each of the following criteria:

- **National objective:** Proposed projects are expected to result in the creation of full-time equivalent (FTE) positions of which at least 51 percent of the created positions will be held by persons meeting HUD’s low- to moderate-income standard (LMI). Proposed projects are expected to create, and/or retain, the largest number of positions with the least amount of CLP investment. When determined to be reasonable or appropriate by the MEDC, applicants may also utilize area-wide benefit or elimination of slum and blight standards.
- **Minimum leverage ratio:** Proposed projects are expected to leverage private and other public funds. Funding priority will be given to projects when the leverage ratio of all other private and public funds to CDBG funds is 1:1 or greater.
- **Financial viability:** In addition to individual projects meeting the financial viability requirements outlined in the application guide, proposed projects must demonstrate a reasonable expectation of repayment, with that expectation having been supported by meaningful and prudent due diligence.
- **Project type:** Local and regional funds may provide direct loans, loan guarantees, collateral enhancements, purchase loan participations, or make other commercial credit extensions to small businesses in order to fund eligible activities outlined within Section 105(a)(17) of Title 1 of the HCDA.

A list of local and regional funds, and their contact information can be found on the following page.

CONTACT

In order to receive consideration for CLP loan approval, initial contact should be made with the appropriate local or regional fund administrator, listed on the following page. For more information, contact the MEDC customer assistance center at 888.522.0103.



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LOCAL FUND MANAGERS	
Houghton County	906.487.5901
Van Buren County	269.657.8234

REGIONAL FUND MANAGERS	COMMUNITIES	REGIONAL FUND MANAGER PHONE#
Region 1: Northern Economic Initiatives Corporation	Baraga, Village of Escanaba, City of Gladstone, City of Gogebic County Iron County Ironwood, City of Kingsford, City of Marquette County Menominee, City of Ontonagon County Spalding Township	906.228.5571
Region 2: Venture North	Benzie County Grand Traverse County	231.995.7110
Region 5: Northern Economic Initiatives Corporation	Mt. Pleasant, City of	906.228.5571
Region 6: I-69 Regional Development Corporation	Lapeer County Sanilac County	810.667.0080
Region 7: Northern Economic Initiatives Corporation	Leslie, City of	906.228.5571
Region 8: Northern Economic Initiatives Corporation	Coldwater, City of Sturgis, City of	906.228.5571
Region 9: Northern Economic Initiatives Corporation	Lenawee County	906.228.5571