

COVID-19 ED SMALL BUSINESS LOAN PROCEDURES (2020)



Table Of Contents

PART I: PROJECT PROCUREMENT.....	3
1.Economic Development Application And Forms Reviewed	3
2.Economic Development Applications Distribution.....	3
3.Approximate Funding Allocation & Lottery System	3
4.Technical Assistance & Support	3
5.Application Submission & Review Process	4
6.Completed Applications Reviewed.....	4
7.Regret Letters Sent	4
PART II: PUBLIC SERVICE CONTRACT ADMINISTRATION	5
1.Environmental Reviews Completed.....	5
2.Promissory Notes And Addendums Sent Via Email	5
3.In-House Review Begins	5
4.Idis Set-Up	5
5.Project Monitoring & Compliance.....	6
6.Project Completion	6
7.Exception Handling	6
PART III: CHANGE ORDERS/CONTRACT AMENDMENTS	6
1.Change Orders	6
2.Time Extension Requests.....	6
3.Change Of Scope.....	7
4.Substantial Changes	7
5.Auditor Requests For Information	7

COVID-19 ED SMALL BUSINESS LOAN PROCEDURES (2020)

PART I: PROJECT PROCUREMENT

1. ECONOMIC DEVELOPMENT APPLICATION AND FORMS REVIEWED

St. Clair County amended its 2019 Action Plan to include funding from the CARES Act (Pub. L. No. 116-136) to support businesses hardest hit by the COVID-19 pandemic. The funding is administered under the Community Development Block Grant – Coronavirus (CDBG-CV) program, as authorized by the U.S. Department of Housing and Urban Development (HUD) and governed by 24 CFR Part 570.

- Applications were solicited through local newspapers, Facebook, and the St. Clair County website in compliance with HUD's Citizen Participation Plan ([24 CFR 91.105](#)).
- The funds will be provided as a 0% forgivable loan for one year from the date of the promissory note.
- Businesses must hire or retain one (1) employee per \$10,000 received and two (2) employees for loans exceeding \$10,000, in accordance with HUD's national objective to benefit low-to-moderate income (LMI) persons ([24 CFR 570.208 \(a\)\(4\)](#)).
- IGD staff will review applications and request any additional documentation necessary to comply with CDBG-CV eligibility and underwriting guidelines ([24 CFR 570.209](#)).

2. ECONOMIC DEVELOPMENT APPLICATIONS DISTRIBUTION

- Beginning in early June, application ads were published in local newspapers and posted on the County's website to ensure compliance with public notification requirements under [24 CFR 91.105 \(b\)\(4\)](#).
- Applications could be submitted via email or mail in accordance with CDBG program recordkeeping requirements ([24 CFR 570.506](#)).

3. APPROXIMATE FUNDING ALLOCATION & LOTTERY SYSTEM

- Funding was designated in the program budget.
- If the number of applications received exceeds available funding, a lottery system will be implemented.
- The lottery process must ensure fair and equitable selection criteria, consistent with HUD's non-discrimination requirements ([24 CFR 570.602](#) & [24 CFR Part 8](#)).

4. TECHNICAL ASSISTANCE & SUPPORT

- IGD staff will provide technical assistance via email or phone, ensuring businesses understand HUD's eligibility criteria ([24 CFR 570.200 \(a\)](#)).

5. APPLICATION SUBMISSION & REVIEW PROCESS

- Completed applications must be submitted via email, mail, or drop box by the deadline provided. Late applications will not be considered, per HUD's compliance rules ([24 CFR 570.503\(b\)](#)).
- When applications are received, they will be date-stamped and logged by the Community Development (CD) staff responsible for economic development applications.
- The designated staff member will:
 - Collect and log all applications.
 - Verify application completeness using HUD's document checklist.
 - Ensure applications comply with CDBG-CV documentation requirements ([24 CFR 570.506](#) & [24 CFR 570.208\(a\)\(4\)](#)).
 - Prepare a review cover sheet summarizing key eligibility information.

6. COMPLETED APPLICATIONS REVIEWED

- IGD staff will review all applications for eligibility based on the document checklist established by the CDBG staff, ensuring compliance with HUD regulations ([24 CFR 570.200](#) and [24 CFR 570.208 \(a\)\(4\)](#)).
- Only businesses with a physical commercial location in St. Clair County are eligible to apply. Home-based businesses are not eligible, per program requirements under the CARES Act and CDBG-CV guidelines.
- The application will specify eligible and ineligible businesses, in compliance with CDBG program standards ([24 CFR 570.207 \(a\)](#)).
- Review Process:
 - IGD staff will assess applications based on HUD's low-to-moderate income (LMI) job retention requirements ([24 CFR 570.208\(a\)\(4\)](#)) and duplication of benefits (DOB) standards.
 - Staff will submit recommendations for each eligible project to the IGD Executive Director for final review.
 - The Executive Director may modify recommendations based on County needs, provided changes comply with HUD regulations and the St. Clair County Citizen Participation Plan ([24 CFR 91.105](#)).

7. REGRET LETTERS SENT

- IGD staff will notify businesses that did not qualify for funding via email, ensuring compliance with HUD's fair housing and equal opportunity requirements ([24 CFR 570.602](#) & [24 CFR Part 8](#)).
- If required documentation is not submitted by the deadline, the application will be denied. Extensions must be approved by the CDBG Coordinator, in accordance with CDBG regulations [24 CFR 570.503\(b\)](#).

- No appeals will be allowed for applications denied due to incomplete or missing documentation.
- Other appeals must be submitted in writing within 20 days from the date of the regret letter, following HUD's program administrative procedures ([24 CFR 570.902](#) & [24 CFR 570.910](#)).

PART II: PUBLIC SERVICE CONTRACT ADMINISTRATION

1. ENVIRONMENTAL REVIEWS COMPLETED

- IGD staff will complete the environmental review process for each proposed project in compliance with HUD's Environmental Review Procedures ([24 CFR Part 58](#)).
- Depending on project scope, reviews will be categorized as:
 - Exempt or Categorically Excluded ([24 CFR 58.34](#) & [24 CFR 58.35](#))
 - Environmental Assessments or Full Environmental Impact Statements if required ([24 CFR 58.36](#) & [24 CFR 58.37](#))
- No funds will be obligated or disbursed before environmental clearance is received per [24 CFR 58.22](#).

2. PROMISSORY NOTES AND ADDENDUMS SENT VIA EMAIL

- Project-specific information (location, funding amount, and terms) will be incorporated into the promissory note.
- The promissory note must comply with all federal, state, and local regulatory requirements, including:
 - HUD CDBG regulations ([24 CFR 570.200](#) & [24 CFR 570.503](#))
 - Duplication of Benefits (DOB) policy to prevent recipients from receiving overlapping federal assistance ([Public Law 113-2, Section 312](#) & [24 CFR 570.611](#))

3. IN-HOUSE REVIEW BEGINS

- Notes are first submitted to the CDBG Program Coordinator for initial review.
- Once reviewed, the document is sent to the Executive Director for final verification and accuracy.
- Upon approval, the promissory note is sent to the awardee for signature with an official cover letter outlining requirements for fund disbursement.

4. IDIS SET-UP

- IGD staff assigned to economic development projects will complete HUD's Integrated Disbursement and Information System (IDIS) set-up sheets.
- The Budget Analyst will enter project information into IDIS online in accordance with CDBG financial management requirements ([24 CFR 570.500](#) & [24 CFR 570.504](#)).
- Once setup is verified, payment requests will be prepared and submitted to the fiscal group, which will issue checks to businesses.

5. PROJECT MONITORING & COMPLIANCE

- IGD staff will monitor each funded business to ensure compliance with HUD's program requirements ([24 CFR 570.501\(b\)](#)).
- Monitoring activities include:
 - Ensuring businesses meet hiring and job retention requirements by collecting self-certifications from employees ([24 CFR 570.208\(a\)\(4\)](#) – LMI Job Creation/Retention).
 - Conducting site visits or worker interviews to verify project progress.
 - Requiring all businesses to sign an addendum certifying they will not duplicate benefits with other federal funding sources ([24 CFR 570.611](#) – Conflict of Interest & DOB Compliance).
- Before the final payment request, all required contract documentation must be submitted per HUD recordkeeping regulations ([24 CFR 570.506](#)).

6. PROJECT COMPLETION

- Once IGD funds are fully disbursed and the project is complete, the IDIS completion form will be submitted to the Budget Analyst for final processing.
- The Budget Analyst will update IDIS to mark the project as “Complete”, ensuring compliance with HUD's closeout requirements ([24 CFR 570.509](#)).
- All projects will be documented in the lien tracking system to comply with HUD's property and asset management requirements ([24 CFR 570.503\(b\)\(7\)](#)).

7. EXCEPTION HANDLING

- Any unusual circumstances or deviations from the standard process must be brought to the attention of the Community Development (CD) Coordinator for approval.
- Requests for time extensions or scope changes will follow the Citizen Participation Plan ([24 CFR 91.105](#)) and CDBG contract amendment procedures ([24 CFR 570.503\(c\)](#)).

PART III: CHANGE ORDERS/CONTRACT AMENDMENTS

1. CHANGE ORDERS

- No change orders will be necessary, as project budgets and scopes must be approved in advance and comply with HUD's CDBG regulations ([24 CFR 570.200](#) & [24 CFR 570.503](#)).

2. TIME EXTENSION REQUESTS

- Time extension requests must be submitted in writing by the awardee and approved by the Community Development Coordinator before the grant period expires.
- Requests must include:
 - A justification for the extension.
 - A revised timeline outlining remaining project activities.

- Evidence that the project remains eligible and compliant with HUD requirements.
- Extensions will be evaluated in accordance with HUD’s grant performance and timeliness regulations ([24 CFR 570.902](#) & [24 CFR 570.509](#)).

3. CHANGE OF SCOPE

- Awardees may submit a written request for a project scope modification.
- If the requested change is considered “less than substantial”, IGD may approve the amendment if:
 - The CDBG Program Coordinator reviews and signs off on the change.
 - The awardee’s board provides supporting documentation.
 - The change does not alter the fundamental purpose or eligibility of the project under CDBG guidelines ([24 CFR 570.208](#) & [24 CFR 570.501\(b\)](#)).
- Approved amendments must comply with contract modification procedures under [24 CFR 570.503\(c\)](#).

4. SUBSTANTIAL CHANGES

- IGD will not approve any substantial changes to project scope, location, or funding reallocations without public input.
- Substantial changes must follow the Citizen Participation Plan ([24 CFR 91.105](#)), which defines what constitutes a major amendment.
- Any substantial amendment must undergo a public notice and comment period before submission to HUD for approval.

5. AUDITOR REQUESTS FOR INFORMATION

- If IGD staff receives a request from auditors regarding grant details (e.g., award amount, project expenses, grant number), the request must be:
 - Forwarded to the IGD Fiscal Division for proper handling.
 - Logged in accordance with HUD’s financial management requirements ([24 CFR 570.500](#) & [24 CFR 570.502](#)).
 - Reviewed to ensure compliance with record retention policies (24 CFR [24 CFR 570.506](#)).
- IGD staff may also request additional documentation from awardees if needed for audits or HUD monitoring.