**Economic Recovery Programs and Requirements**

|  | **Watermen’s Grants** | **Façade Grants** | **Business Loans** |
| --- | --- | --- | --- |
| *Purpose* | Grants for proven equipment loss | Grants for improvements to facades of businesses | Loans for working capital, inventory, equipment and/or construction |
| *Amounts* | Up to $2,500 | Up to $5,000 | Up to $60,000 |
| *Qualifications* | - Must have commercial fishing licenses  - Sole proprietor business only  - Total household income cannot exceed 80% of area median income  - Must provide personal tax returns for previous year  - Must be able to document loss with receipts, photographs, or other acceptable evidence | -Must meet SBA definition of a small business  - Must match grant funds with amount received which will be or has been invested in building and/or business  - Can qualify as sole proprietor business if total household income is less than 80% of the area median income  - Can qualify based on creation of new jobs if 51% of new employees are paid an annual salary which is at or below the HUD established income limit for a one person family  - Can qualify based on retention of existing jobs if 51% of employees are paid an annual salary which is at or below the HUD established income limit for a one person family | - Must meet SBA definition of a small business  - Can qualify as sole proprietor business if total household income is less than 80% of the area median income  - Can qualify based on creation of new jobs if 51% of new employees are paid an annual salary which is at or below the HUD established income limit for a one person family  - Can qualify based on retention of existing jobs if 51% of employees are paid an annual salary which is at or below the HUD established income limit for a one person family |
| *Procurement* | N/A | - Must obtain at least 3 estimates for work to be performed by contractors  - May use funding for supplies and materials and perform own work  - Must obtain at least 3 estimates for supplies and materials if over $5,000 | - Must obtain at least 3 estimates for work to be performed by contractors  - May use funding for supplies and materials and perform own work  - Must obtain at least 3 estimates for supplies and materials if over $5,000 |
| *Federal Labor Requirements* | N/A | - Applies to all construction contracts over $2,000  - Requires contractors to pay employees a specific wage rate per labor classification | - Applies to all construction contracts over $2,000  - Requires contractors to pay employees a specific wage rate per labor classification |
| *Flood Insurance* | N/A | If in floodplain, required for amount of assistance for specified term if assistance physically alters the building | If in floodplain, required for amount of assistance for term of loan if funding used for construction and physically alters the building |
| *Maryland Historical Trust Approval* | N/A | - Must submit work write-ups / plans and photographs for physical alterations to building  - Not required for painting or signage | - Must submit work write-ups / plans and photographs for physical alterations to building  - Not required for painting or cosmetic improvements |
| *Job Creation or Retention Period* | N/A | - Sole proprietor business must remain in operation for 1 year  - If jobs created or retained, the positions must remain in existence for 1 year | - Sole proprietor business must remain in operation for term of loan  - If jobs created or retained, the positions must remain in existence for term of loan |
| *Loan Terms* | N/A | N/A | 0% interest  Loan periods from 1 to 10 years |

**Requirements and Definitions:**

*Annual Salary* – For jobs created or retained, the annual salary cannot exceed the HUD established income limit for a one person household for Somerset County. (Example - For CY 2013, the limit is $42,700)

*Building Improvements* – If business rents their space, the building owner must approve the improvements in writing. If the improvements result in physical alteration to the building, the building owner must agree in writing to “freeze” rent for a five year period unless rent increases are specified in existing lease or other documentation.

*Building Codes* – Building improvements are subject to local, county and state code requirements. The EDC must ensure that proper permits are obtained.

*Conflict of Interest* – The EDC will ensure that there is no conflict of interest related to the approval of grants and loans or in the selection of contractors by the EDC, Somerset County, Maryland Capital Enterprises or the recipient/borrower.

*Costs* – The EDC must determine that all costs are necessary and reasonable.

*Debarment Check* – The EDC must check the federal website to determine if selected contractor is on the debarred list prior to contracts being signed.

*Documentation of Use of Funds* – For façade grants and business loans, costs must be documented with receipts to be provided to EDC.

*Duplication of Benefits* – The EDC must determine if applicant received funding from other sources for same activities.

*Flood Insurance* – Failure to obtain and maintain flood insurance for the required period will result in immediate termination of grant or loan and require repayment in full.

*Income Limits* – Income limits provided annually by HUD for Somerset County which determine maximum amount of household income for size of household. The moderate income amount is 80% of the area median income.

*Income Verification* – Must use PART 5 definition and process to verify total household income.

*Grant Compliance* – The EDC will ensure compliance with all requirements with a lien or other legal document.

*Labor Standards* – The EDC will obtain appropriate wage decision from CDBG Labor Officer, review weekly payrolls to ensure proper wages are paid, and do at least one employee interview for each contract. Not required if contractor has no employees and will complete all work.

*Maryland Historical Trust* – The EDC will submit appropriate paperwork to the Trust for approval and ensure any requirements or conditions are met. In the event that requirements required by the Trust result in an increase of projects costs, the EDC may provide additional funding to cover increased costs.

*Monitoring* – The State CDBG Program will monitor grant and loan files to ensure compliance with procurement, labor standards, financial, and national objective requirements at a minimum.

*Other Financing* – The EDC will document all other financing use for activities.

*Procurement* – The EDC will review estimates and approve selection of contractor in consultation with the recipient/borrower.

*Publicity* – The EDC shall ensure that appropriate publicity is provided with acknowledgement of roles of the EDC, Somerset County, State and HUD.

*Sandy Impact* – Participating business must have been impacted by Hurricane Sandy.

*Total Household Income* – Includes all persons living in the house over the age of 18 with the exception of full-time college students.

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