

CITY OF DEARBORN
SMALL BUSINESS GRANT
FREQUENTLY ASKED QUESTIONS (FAQ'S)

Why do I have to submit so much information?

The Department of Housing and Urban Development (HUD) requires the City to conduct a financial underwriting analysis before any grant funds can be awarded to businesses. There are seven standards that must be met under this underwriting analysis process. All of these required document submittals have to be sent in order for the City to complete the underwriting analysis required by the Dept. of HUD.

What if I don't have all of my required document submittals?

The City recently modified some of the required document submittals in response to concerns raised earlier by businesses about the number and complexity of the documents required for the application. The City now has streamlined the process by allowing owners to submit information they may have easier access to.

Below is the list of required document submittals that have been modified:

Previous Required Document Submittals	New Required Document Submittals
2019 Balance Sheet	2019 1120-S Income Tax Return for S Corporation
Current balance sheet no older than 90 days	2020 1120-S Income Tax Return for S Corporation
2019 Profit and Loss Statement	2019 1120-S Income Tax Return for S Corporation
Third Quarter Profit and Loss Statement	2020 1120-S Income Tax Return for S Corporation
Current Statement of Cash Flows	Bank Statements for Prior Six Months

What are some of the main SBG eligibility requirements?

- 1.) Business owner/applicant is at least 50% majority owner of business
- 2.) Businesses must be for-profit. Nonprofit organizations are not eligible.
- 3.) Business was profitable Pre-COVID-19 and must have experienced a loss of income due to COVID-19.
- 4.) Business owners are in good standing with the State of Michigan Department of Licensing and Regulatory Affairs (LARA). Must have a valid

EIN# <https://www.michigan.gov/som>.

- 5.) Business is up to date on their tax obligations or ITIN#. Look up ITIN# at <https://www.irs.gov/individuals/international-taxpayers/taxpayer-identification-numbers-tin>.
- 6.) Business Owner must have a valid DUN & BRADSTREET NUMBER. Look up or retrieve DUNS number at <http://fedgov.dnb.com/webform/index.jsp> or https://www.irs.gov/pub/irs-utl/duns_num_guide.pdf.
- 7.) Assisted businesses will be required to submit a W-9 form from the vendor to be paid (e.g., landlord, mortgage company, bank, utility company, or delivery service company).
- 8.) **Due 120 days after business received grant award.** Business owner must provide copies of three consecutive months of payroll statements documenting the number of full -time equivalent jobs retained and/or created.

What can SBG funds be used for?

SBG funds awarded by the City may be used to make up to six months of direct payments to service providers for the following. The payments can be in the future or in the past. Both are eligible.

- 1.) Commercial rent, lease, or mortgage
- 2.) Utility costs, such as electricity, gas, and water for up to six months
- 3.) Business liability insurance
- 4.) Delivery fees to a food delivery service such as DoorDash or Grubhub

Assisted businesses will be required to submit a W-9 form from the vendor to be paid (e.g., landlord, mortgage company, bank, utility company, or delivery service company).

SBG funds may be used to pay for reimbursement of expenses incurred prior to date of execution of the agreement to be entered into between the City and SBG applicants. SBG funds may also be used to pay arrearages or amounts past due for commercial lease/rent/mortgage or utilities, or late fees or penalties however these types of payments will only be approved by the City on a case by case basis during the underwriting analysis process.

Can businesses apply multiply times?

Businesses may generally apply for assistance only once. This policy may change depending upon factors such as whether sufficient funds remain after initial allocations and whether the City receives additional funds from HUD for COVID-19 related purposes.

Do businesses have to pay back SBG funds to Dearborn?

No. The funds are grants, not loans. If the grants are used for eligible costs, they do NOT have to be repaid.

What types of businesses are not eligible for SBG funds?

Businesses must be for-profit. Nonprofit organizations are not eligible.

Gun shops, pawn shops, liquor and tobacco stores, payday loan businesses, cannabis businesses, franchises of national or regional chains, social clubs, home-based businesses, real estate investment, and adult entertainment businesses.

Independent contractors operating multilevel or network marketing businesses (such as Avon, Mary Kay, 5LINX, Pampered Chef, etc.) are not eligible to apply.

Independent contractors working on gig platforms (such as Airbnb, Fiverr, Uber, Lyft, Instacart, etc.) are not eligible to apply.

Where did these grant funds come from?

The United States Congress awarded the Dept. of HUD \$5 billion in Coronavirus Aid, Relief, and Economic Security Act (CARES Act) funds. The Dept. of HUD awarded these funds to states and local governments under its Community Development Block Grant Coronavirus (CDBG-CV) funds.

What is the Dept. of HUD?

The Department of Housing and Urban Development is the Federal agency responsible for national policy and programs that address America's housing needs, that improve and develop the Nation's communities, and enforce fair housing laws.