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CITY OF CLEVELAND
Mayor Frank G. Jackson

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MINORITY CONSTRUCTION LOAN PROGRAM



Providing low interest loans for
the purchase of equipment for
minority construction companies

— City of —
CLEVELAND
ECONOMIC DEVELOPMENT

Program Overview

The Minority Construction Loan Program is for minority-owned construction contractors and construction supply firms located in the City of Cleveland to purchase inventory and equipment, including rolling stock, for projects. Our goal is to help grow these companies to create new jobs and opportunities.

Program Eligibility

- Applicant must show that traditional bank financing is not available; or not available in the amounts needed; or at terms the company cannot afford to do the project.
- Applicant must demonstrate adequate collateral, credit, and capacity to repay the loan.
- No loans will be provided to companies relocating into Cleveland from outside a 25 mile radius of the City limits, per Federal regulations.

Job Creation/Retention

Applicant is required to create or retain one (1) full time permanent job for every \$35,000 loaned within 3 years of closing. No new jobs are required.

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Loan Structure

- This program offers loans which are fixed rate (below 3%) and below market.
- Loan terms are for up to 90 months with the first six months interest only payments followed by up to 84 months of principal and interest payments.
- Minimum loan is \$35,000. Maximum loan amount of \$200,000.
- Maximum City assistance is **75%** of total project cost. Can be used with other government loan programs. The City will subordinate.
- Applicant must provide a minimum of 10% equity. The business owner or majority stockholder is required to provide a personal guarantee for the loan amount.
- The City will take a lien position on equipment and/or building behind existing debt as long as the total loan to value ratio does not exceed 90%. If a recent appraisal is available it may be submitted. If no appraisal is available, the City will work to determine asset value.



Program Requirements

- \$150 non-refundable fee is due with application. A loan origination fee of .5% is due after approval and a loan closing fee of 1.5% of City loan amount must be paid at closing.
- Applicant must show invoices and cancelled checks for payment of equipment purchases.
- When the total value of City assistance exceeds \$75,000 to businesses with 20 or more employees the wage only compensation of all employees must be a Living Wage, currently a minimum of \$10.00 per hour per employee.
- Applicant must execute a City Workforce Development Agreement: The Workforce Development Agreement works to match unemployed skilled workers with available positions.
- Applicant must be current on all income and property taxes at the time of application and be up to date with Workers Compensation.
- If installation costs of any equipment exceed \$2,000, federal Davis Bacon prevailing wages are required.

Ineligible Activities

- Refinancing debt
- Leased Equipment