

**City of Ashland**  
**Community Development Block Grant**  
**Women Owned & Ethnic Minority Grant**

The Economic Development Women Owned and Ethnic Minority Business Loan provides working capital to encourage women and ethnic minority business owners by expanding current businesses or creating new ownerships. The program is designed to provide financial assistance in the form of a forgivable loan. This program is funded through the Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) and is contingent based on continued funding.

- The business must be owned by a woman or ethnic minority with “majority of interest” in the business to be eligible.
- The business must be located within the City of Ashland.
- Assistance is in the form of a five-year (60 month) forgivable loan. Each year the business is in operation and in good standing with the City and the Economic Development Women Owned or Ethnic Minority Business Program, twenty percent (20%) of the loan will be forgiven.
- Use all Loan proceeds solely for economic activities designed to create or retain permanent jobs, at least 51 percent of which (computed on a full-time equivalent basis) will be made available to or held by LMI persons may qualify under the Job Creation or Retention category of the LMI Benefit national objective.

The following requirements must be met for jobs to be considered created or retained:

- Positions must be full-time-equivalent and at least 51% of the positions must be available to (first consideration) and filled by low-to-moderate-income people.
- **The minimum accepted job creation ratio is one full-time-equivalent (FTE) position created or retained per \$25,000 awarded.**
  - **\$1 – \$25,000 = 1 FTE position created or retained**
  - **\$25,001 – \$50,000 = 2 FTE positions created or retained**
  - **\$50,001 – \$75,000 = 3 FTE positions created or retained**
- City staff will conduct a site visit to verify the business is in operation and to ensure compliance with the terms of the loan agreement.
- The business must be properly licensed to operate within the City of Ashland, Kentucky, Boyd County, and the Commonwealth of Kentucky. Must meet all local and state building and health code requirements where applicable.
- The applicant must maintain full and accurate records in respect to the project and must ensure adequate control over the records of related parties in the project. The agreement requires the applicant to furnish, upon request of the City, all data, reports, contracts, documents, and other information relevant to the project.



## Women Owned & Ethnic Minority Business Loan Application

The Economic Development Women Owned & Ethnic Minority Business Loan will provide working capital to encourage women and ethnic minority business owners by expanding current businesses or creating new ownerships. The program is designed to provide financial assistance in the form of a forgivable loan. This program is funded through the Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) and is contingent based on continued funding.

The City of Ashland considers applicants without regard to race, color, religious preference, gender, handicap, gender identity, marital status, familial status, sexual orientation or national origin. (Ordinance 29-2013).

Business Name	
---------------	--

Business Location:	
Business Phone Number:	
Business Website:	
Business Email:	
FEIN #	

Owners (Applicants)				
	Name	Percentage Owned of Business	Applying as:	
			Women Owned	Ethnic Minority
Owner #1				
Owner #2				

If additional owners list on additional sheets.

Purpose of Funding

Capital or Fixed Asset to be Purchased:

How will funding for project create new or retain jobs?

Total Project Cost

Total CDBG Loan Request

Owner #1	
Name	
Social Security Number	
Home Address	
Home Phone Number	
Cell Phone Number	
Email	

Owner #1 Relative Contact (Not Living with Applicant)		
Name	Address	Phone Number
Owner #1 Non-Relative References		
Name	Address	Phone Number

	Yes	No
Has Owner #1 been charged with, arrested or convicted of any criminal offenses other than a minor motor vehicle violation? If yes, include details of charges.		
Is owner #1 a plaintiff or defendant of any civil litigation?		
Has Owner #1 ever personally filed bankruptcy?		
Has Owner #1 been subject to disciplinary action, past or pending, by any administrative, governmental, or regulatory body?		
Has Owner #1 been denied a business-related license, or had it suspended, or disqualified from contracting with any Federal, state or municipal agency.		
Has Owner #1 or any member of their family been a member, officer, employee, designee, agent or exercised any function or responsibility in connection with the City of Ashland, their agencies, departments, or entities? If yes, describe, whom, when, relationship to owner, and functions and responsibilities of the position.		

I approve for the City of Ashland Community & Economic Development to process my credit history report to be used with this application process.		
Owner #1 Signature	Printed Name	Date

Owner #2	
Name	
Social Security Number	
Home Address	
Home Phone Number	
Cell Phone Number	
Email	

Owner #2 Relative Contact (Not Living with Applicant)		
Name	Address	Phone Number
Owner #2 Non-Relative References		
Name	Address	Phone Number

	Yes	No
Has Owner #2 been charged with, arrested or convicted of any criminal offenses other than a minor motor vehicle violation? If yes, include details of charges.		
Is Owner #2 a plaintiff or defendant of any civil litigation?		
Has Owner #2 ever personally filed bankruptcy?		
Has Owner #2 been subject to disciplinary action, past or pending, by any administrative, governmental, or regulatory body?		
Has Owner #2 been denied a business-related license, or had it suspended, or disqualified from contracting with any Federal, state or municipal agency.		
Has Owner #2 or any member of their family been a member, officer, employee, designee, agent or exercised any function or responsibility in connection with the City of Ashland, their agencies, departments, or entities? If yes, describe, whom, when, relationship to owner, and functions and responsibilities of the position.		

I approve for the City of Ashland Community & Economic Development to process my credit history report to be used with this application process.		
Owner #2 Signature	Printed Name	Date

Exhibits	
All Exhibits must be attached to the application and labeled in the order listed below. Failure to provide this information, will disqualify the application.	
Exhibit	Requirement
A	Provide detailed project description and reason why there is need for the project.
B	Exhibits/quote(s) of capital expense/fixed asset to be purchased
C	Nature of the business, types of products, number of employees, selling methods, location and office or building space description
D	History of company
E	Number of jobs retained, estimated number of jobs created in previous three years
F	Three years financial data including:
	Income statements
	Cash Flow statements
	Explanations of balance sheets
	Tax return
	Personal financial statement
	Projected cash flows
	List of tangible property
G	Five-year proforma, including:
	Projected balance sheet
	Projected income statement
	Number of jobs to be created
	Wages, salaries, bonuses, and compensation to be paid
H	Certification of equal opportunity employer
I	Proof of liability insurance
J	Certificate of Drug Free Workplace
K	Resume of all owners
L	Current driver's license of all owners

Certification

I certify the above statements are true and accurate to the best of my knowledge. I understand any misstatement or failure to disclose information that is requested will result in the rejection of the application. The conditions of financing arrangements between the City of Ashland and the applicant will be documented in a written instrument approved by both parties. Such summarization is not to be construed as a promise or commitment by the City of Ashland.

Owner #1 Signature	Printed Name	Date

Owner #2 Signature	Printed Name	Date

For additional owners, contact office for additional application sheets and certification pages.

**Equal Employment  
Opportunity Certification**  
Excerpt From 41 CFR §60-1.4(b)

**U.S. Department of Housing  
and Urban Development**  
Office of Housing  
Federal Housing Commissioner

**Department of Veterans Affairs**  
OMB Control No. 2502-0029  
(exp. 9/30/2016)

The applicant hereby agrees that it will incorporate or cause to be incorporated into any contract for construction work, or modification thereof, as defined in the regulations of the Secretary of Labor at 41 CFR Chapter 60, which is paid for in whole or in part with funds obtained from the Federal Government or borrowed on the credit of the Federal Government pursuant to a grant, contract, loan insurance, or guarantee, or undertaken pursuant to any Federal program involving such grant, contract, loan, insurance, or guarantee, the following equal opportunity clause:

During the performance of this contract, the contractor agrees as follows:

- (1) The contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, or national origin, such action shall include, but not be limited to the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause.
- (2) The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive considerations for employment without regard to race, color, religion, sex, or national origin.
- (3) The contractor will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice to be provided advising the said labor union or workers' representatives of the contractor's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- (4) The contractor will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations and relevant orders of the Secretary of Labor.
- (5) The contractor will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

- (6) In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations, or orders, this contract may be canceled, terminated, or suspended in whole or in part and the contractor may be declared ineligible for further Government contracts or federally assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.
- (7) The contractor will include the portion of the sentence immediately preceding paragraph (1) and the provisions of paragraphs (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance: **Provided, however,** That in the event a contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the administering agency the contractor may request the United States to enter into such litigation to protect the interests of the United States.

The applicant further agrees that it will be bound by the above equal opportunity clause with respect to its own employment practices when it participates in federally assisted construction work:

**Provided,** That if the applicant so participating is a State or local government, the above equal opportunity clause is not applicable to any agency, instrumentality or subdivision of such government which does not participate in work on or under the contract.

The applicant agrees that it will assist and cooperate actively with the administering agency and the Secretary of Labor in obtaining the compliance of contractors and subcontractors with the equal opportunity clause and the rules, regulations, and relevant orders of the Secretary of Labor, that it will furnish the administering agency and the Secretary of Labor such information as they may require for the supervision of such compliance, and that it will otherwise assist the administering agency in the discharge of the agency's primary responsibility for securing compliance.

The applicant further agrees that it will refrain from entering into any contract or contract modification subject to Executive Order 11246 of September 24, 1965, with a contractor debarred from, or who has not demonstrated eligibility for, Government contracts and Federally-assisted construction contracts pursuant to the Executive order and will carry out such sanctions and penalties for violation of the equal opportunity clause as may be imposed

Firm Name and Address	By
	Title



upon contractors and subcontractors by the administering agency or the Secretary of Labor pursuant to Part II, Subpart D of the Executive order. In addition, the applicant agrees that if it fails or refuses to comply with these undertakings, the administering agency may take any or all of the following actions: Cancel, terminate, or suspend in whole or in part this grant (contract, loan, insurance, guarantee); refrain from extending any further assistance to the applicant under the program with respect to which the failure or refund occurred until satisfactory assurance of future compliance has been received from such applicant; and refer the case to the Department of Justice for appropriate legal proceedings.

#### **Excerpt from HUD Regulations**

200.410 Definition of term "applicant".

- (a) In multifamily housing transactions where controls over the mortgagor are exercised by the Commissioner either through the ownership of corporate stock or under the provisions of a regulatory agreement, the term "applicant" as used in this subpart shall mean the mortgagor.
- (b) In transactions other than those specified in paragraph(a) of this section, the term "applicant" as used in this subpart shall mean the builder, dealer or contractor performing the construction, repair or rehabilitation work for the mortgagor or other borrower.

200.420 Equal Opportunity Clause to be included in contracts and subcontracts.

- (a) The following equal opportunity clause shall be included in each contract and subcontract which is not exempt:

During the performance of this contract, the contractor agrees as follows:

- (1) The contractor will not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, creed, color, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of the nondiscrimination clause.

- (2) The contractor will in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard race, creed, color, or national origin.

- (3) The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided, advising the said labor union or workers' representative of the contractor's commitments under this section, and shall post copies of the notices in conspicuous places available to employees and applicants for employment.

- (4) The contractor will comply with all provisions of Executive Order 10925 of March 6 1961, as amended, and of the regulations, and relevant orders of the President's Committee on Equal Employment Opportunity created thereby.

- (5) The contractor will furnish all information and reports required by Executive Order 10925 of March 6, 1961, as amended, and by the regulations, and orders of the said Committee, or pursuant thereto, and will permit access to his books, records, and accounts by HUD and the Committee for purposes of investigation to ascertain compliance with such regulations, and orders.

- (6) In the event of the contractor's non-compliance with the nondiscrimination clause of this contract or with any of the said regulations, or orders, this contract may be cancelled, terminated or suspended in whole or in part and the contractor may be declared ineligible for further Government contracts or Federally-assisted construction contracts in accordance with procedures authorized in Executive Order 10925 of March 6, 1961, as amended, and such other sanctions may be imposed and remedies invoked provided in the said Executive Order or by regulations, or order of the President's Committee on Equal Employment Opportunity, or as otherwise provided by law.

- (7) The contractor will include the provisions of Paragraphs(1) through (7) in every subcontract or purchase order unless exempted by regulations, or orders of the President's Committee on Equal Employment Opportunity issued pursuant to Section 303 of Executive Order 10925 of March 6, 1961, as amended, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase orders as HUD may direct as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, that in the event the contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by HUD, the contractor may request the United States to enter into such litigation to protect the interests of the United States.

- (b) Except in subcontracts for the performance of construction work at the site of construction, the clause is not required to be inserted in subcontracts below the second tier. Subcontracts may incorporate by reference to the equal opportunity clause.

200.425 Modification in and exemptions from the regulations in this subpart.

- (a) The following transactions and contracts are exempt from the regulations in this subpart:

- (1) Loans, mortgages, contracts and subcontracts not exceeding \$10,000.

- (2) Contract and subcontracts not exceeding \$100,000 for standard commercial supplies or raw material;

- (3) Contracts and subcontracts under which work is to be or has been performed outside the United States and where no recruitment of workers within the United States is involved. To the extent that work pursuant to such contracts is done within the United States, the equal opportunity clause shall be applicable;

- (4) Contracts for the sale of Government property where no appreciable amount of work is involved; and

- (5) Contracts and subcontracts for an indefinite quantity which are not to extend for more than one year if the purchaser determines that the amounts to be ordered under any such contract or subcontract are not reasonably expected to exceed \$100,000 in the case of contracts or subcontracts for standard commercial supplies and raw materials, or \$10,000 in the case of all other contracts and subcontracts.

# Certification for a Drug-Free Workplace

U.S. Department of Housing and Urban Development

Applicant Name

Program/Activity Receiving Federal Grant Funding

Acting on behalf of the above named Applicant as its Authorized Official, I make the following certifications and agreements to the Department of Housing and Urban Development (HUD) regarding the sites listed below:

I certify that the above named Applicant will or will continue to provide a drug-free workplace by:

a. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the Applicant's workplace and specifying the actions that will be taken against employees for violation of such prohibition.

b. Establishing an on-going drug-free awareness program to inform employees ---

(1) The dangers of drug abuse in the workplace;

(2) The Applicant's policy of maintaining a drug-free workplace;

(3) Any available drug counseling, rehabilitation, and employee assistance programs; and

(4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace.

c. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph a.;

d. Notifying the employee in the statement required by paragraph a. that, as a condition of employment under the grant, the employee will ---

(1) Abide by the terms of the statement; and

(2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;

e. Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph d.(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federalagency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;

f. Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph d.(2), with respect to any employee who is so convicted ---

(1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or

(2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;

g. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs a. thru f.

**2. Sites for Work Performance.** The Applicant shall list (on separate pages) the site(s) for the performance of work done in connection with the HUD funding of the program/activity shown above: Place of Performance shall include the street address, city, county, State, and zip code. Identify each sheet with the Applicant name and address and the program/activity receiving grant funding.)

Check here  if there are workplaces on file that are not identified on the attached sheets.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

**Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties.

(18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name of Authorized Official

Title

Signature

Date

X

**Race and Ethnic Data Reporting Form**

U.S. Department of Housing and Urban Development  
Office of Housing

OMB Approval No. 2502-0204  
(Exp. 03/31/2014)

**Name of Property** **Project No.** **Address of Property**

**Name of Owner/Managing Agent** **Type of Assistance or Program Title:**

**Name of Head of Household** **Name of Household Member**

Date (mm/dd/yyyy): \_\_\_\_\_

<b>Ethnic Categories*</b>	<b>Select One</b>
Hispanic or Latino	
Not-Hispanic or Latino	
<b>Racial Categories*</b>	<b>Select All that Apply</b>
American Indian or Alaska Native	
Asian	
Black or African American	
Native Hawaiian or Other Pacific Islander	
White	
Other	

**\*Definitions of these categories may be found on the reverse side.**

**There is no penalty for persons who do not complete the form.**

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Date**

**Public reporting burden** for this collection is estimated to average 10 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This information is required to obtain benefits and voluntary. HUD may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

This information is authorized by the U.S. Housing Act of 1937 as amended, the Housing and Urban Rural Recovery Act of 1983 and Housing and Community Development Technical Amendments of 1984. This information is needed to be in compliance with OMB-mandated changes to Ethnicity and Race categories for recording the 50059 Data Requirements to HUD. Owners/agents must offer the opportunity to the head and co-head of each household to "self certify" during the application interview or lease signing. In-place tenants must complete the format as part of their next interim or annual re-certification. This process will allow the owner/agent to collect the needed information on all members of the household. Completed documents should be stapled together for each household and placed in the household's file. Parents or guardians are to complete the self-certification for children under the age of 18. Once system development funds are provided and the appropriate system upgrades have been implemented, owners/agents will be required to report the race and ethnicity data electronically to the TRACS (Tenant Rental Assistance Certification System). This information is considered non-sensitive and does not require any special protection.

## Instructions for the Race and Ethnic Data Reporting (Form HUD-27061-H)

### A. General Instructions:

This form is to be completed by individuals wishing to be served (applicants) and those that are currently served (tenants) in housing assisted by the Department of Housing and Urban Development.

Owner and agents are required to offer the applicant/tenant the option to complete the form. The form is to be completed at initial application or at lease signing. In-place tenants must also be offered the opportunity to complete the form as part of the next interim or annual recertification. Once the form is completed it need not be completed again unless the head of household or household composition changes. There is no penalty for persons who do not complete the form. However, the owner or agent may place a note in the tenant file stating the applicant/tenant refused to complete the form. **Parents or guardians are to complete the form for children under the age of 18.**

The Office of Housing has been given permission to use this form for gathering race and ethnic data in assisted housing programs. Completed documents for the entire household should be stapled together and placed in the household's file.

1. The two ethnic categories you should choose from are defined below. You should check one of the two categories.

1. **Hispanic or Latino.** A person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race. The term "Spanish origin" can be used in addition to "Hispanic" or "Latino."
2. **Not Hispanic or Latino.** A person not of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race.

2. The five racial categories to choose from are defined below: You should check as many as apply to you.

1. **American Indian or Alaska Native.** A person having origins in any of the original peoples of North and South America (including Central America), and who maintains tribal affiliation or community attachment.
2. **Asian.** A person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent including, for example, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand, and Vietnam
3. **Black or African American.** A person having origins in any of the black racial groups of Africa. Terms such as "Haitian" or "Negro" can be used in addition to "Black" or "African American."
4. **Native Hawaiian or Other Pacific Islander.** A person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands.
5. **White.** A person having origins in any of the original peoples of Europe, the Middle East or North Africa.

# EVALUATOR SCORING MATRIX

Community Development Block Grant  
Women Owned & Ethnic Minority Business Loan

Business Name	
Owner #1	
Owner #2	

Capital Expense/Fixed Asset	
Total CDBG Loan Request	

Criteria	Yes	No
Application clearly demonstrates funding will be used for capital or fixed asset		
Application shows how funding will create new or retain jobs		
Application demonstrates a minimum of 20% equity of total project cost		
Application provides detailed project description and reason why there is a need for the project		
Exhibits/quote(s) of capital expense/fixed asset to be purchased		
Nature of the business, types of products, number of employees, selling methods, location and office or building space description		
History of company		
Number of jobs retained, estimated number of jobs created in previous three years		
Three years financial data including:		
Income Statements		
Cash flow statements		
Explanation of balance sheets		
Tax return(s)		
Personal financial statement		
List of tangible property		
Five-year proforma, including:		
Projected balance sheet		
Projected income statement		
Projected cash flow		
Number of jobs to be created		
Wages, salaries & benefits to be paid		

Comments:

\_\_\_\_\_ I would recommend funding on this project. Suggested Funding \$ \_\_\_\_\_

\_\_\_\_\_ I would not recommend funding on this project.

Printed Name of Evaluator
Signature
Date

Printed Name of Evaluator

Signature

Date

**COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)**  
**MINORITY LOAN AGREEMENT**

THIS COMMUNITY DEVELOPMENT BLOCK GRANT MINORITY LOAN AGREEMENT ("Agreement") is made and entered into on \_\_\_\_\_, 20\_\_\_\_, by and between \_\_\_\_\_ ("Borrower"), at \_\_\_\_\_ and Ashland Economic Development Minority Loan Program ("Lender"), having its office at 1700 Greenup Avenue, Ashland, Kentucky 41101.

WHEREAS, Lender operates a program offering capital and fixed assets loans to minority businesses located within the City of Ashland in order to promote economic development and the creation and retention of jobs within the City of Ashland;

WHEREAS, Borrower operates a business within the City of Ashland and otherwise qualifies for a loan pursuant to Lender's program;

WHEREAS, Borrower has or will apply to Lender for an "Economic Development Woman (Women) Owned or Ethnic Owned Minority Business Program" loan.

NOW, THEREFORE, in consideration of the foregoing premises and the terms and conditions stated in this Agreement, and for other good and valuable consideration, the parties agree to the following:

**1. ECONOMIC DEVELOPMENT CDBG MINORITY LOAN.** Lender hereby extends to Borrower an Economic Development CDBG Minority Loan in the principal amount of \_\_\_\_\_ (\$\_\_\_\_\_). Borrower shall execute and deliver to Lender a Note (the "Note") upon such terms as Lender deems necessary to evidence the loan. The Note shall be payable as a five-year (60 month) forgivable loan. Each year that the business is in operation and in compliance with all of the terms and representations of this Agreement and the Promissory Note executed in conjunction herewith, twenty percent (20%) of the principal amount of the loan shall be forgiven. In the event of a default in Borrower's obligations, the pro-rated remaining principal balance of the loan shall become immediately due and payable at the rate of twenty percent (20%) per annum. Borrower's obligations pursuant to this Agreement, the Note, and any other agreements or documents executed pursuant to this Agreement (the "Related Documents") are collectively referred to herein as "the Loan."

**2. PERIODIC REVIEW OF LOAN.** Lender shall review the Loan periodically. In the event that any review reflects noncompliance with the terms of this Agreement or any Related Document, Lender may declare the entire outstanding balance on the Note due and payable and exercise its remedies pursuant to the default provisions of this Agreement or any Related Documents.

**3. SECURITY.** As security for the performance and satisfaction of the Note and the Loan, Borrower shall, and does hereby assign to Lender all of its right, title, claim and interest in, and grants to Lender a lien upon and security interest in the following, wherever located, whether now owned or hereafter acquired, together with all additions and accessions thereto, and all replacements, substitutions and proceeds thereof (hereinafter, the "Collateral"):

- a. all equipment, fixtures, inventory, accounts receivable, chattel paper, general intangibles and instruments of Borrower, now owned by Borrower, or later acquired;
- b. such personal property and equipment is specified on Exhibit A attached hereto.

**4. PRIORITY OF LIENS.** The Lender's security interest in the Collateral shall be first and prior and shall survive termination of this Agreement until all obligations of Borrower have been fulfilled and satisfied. Borrower authorizes Lender to manually or electronically file this Agreement, any financing statements, mortgages, or any other documents or agreements in order to perfect Lender's interests under this Agreement and in the Collateral. Borrower, upon request of Lender, shall execute such documents, including mortgages and financing statements, as are necessary to perfect and maintain perfection of Lender's security interest in the Collateral.

**5. REPRESENTATIONS AND WARRANTIES.** Borrower represents and warrants to Lender, as of the date of the Agreement, as of the date of any renewal, extension or modification of this loan, and at all times any indebtedness exists pursuant to the Loan, the following:

- 5.1** Borrower has its principal place of business in the City of Ashland, Kentucky. Borrower is duly authorized to conduct business in the Commonwealth of Kentucky. Borrower has a valid business privilege license for the City of Ashland and is current in all payments of employment and property taxes payable to the City of Ashland, Kentucky,
- 5.2** That the majority interest in Borrower is held by a woman or ethnic minority and will continue to be so held for the duration of this CDBG Minority Loan Agreement.
- 5.3** Borrower shall, within ninety (90) days of the receipt of funds pursuant to this Agreement, create not less than one new employee position for each Twenty-Five Thousand Dollars (\$25,000.00) of funds received pursuant to this Agreement, with first consideration for such employment given to low or moderate-income persons.
- 5.4** Borrower shall retain each employee position created pursuant to this Agreement for the duration of the term of the Promissory Note executed as part of this Agreement.
- 5.5** Borrower will make and keep accurate records with respect to the funds disbursed pursuant to this Agreement and will allow representatives of the Lender to inspect the same upon request.



- 5.6** Borrower is duly authorized to transact business in all other states in which Borrower is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which Borrower is doing business. Borrower has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. Borrower maintains its principal office at the location identified in the first paragraph of this Agreement. Unless Borrower has designated otherwise in writing, this is the principal office at which Borrower keeps its books and records including its records concerning the Collateral. Borrower will notify Lender of any change in the location of Borrower's principal office. Borrower shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Borrower and Borrower's business activities.
- 5.7** Borrower has filed or recorded all documents or filings required by law relating to all assumed business names used by Borrower. Except as identified in the first paragraph of this Agreement, there are no assumed business names under which Borrower does business.
- 5.8** Borrower's execution, delivery, and performance of this Agreement and all the Related Documents have been duly authorized by all necessary action by Borrower and do not conflict with, result in a violation of, or constitute a default under (1) any provision of Borrower's Articles of Incorporation or organizational documents, or bylaws, or any agreement or other instrument binding upon Borrower or (2) any law, governmental regulation, court decree, or order applicable to Borrower or to Borrower's properties.
- 5.9** The financial statements, including any schedules and notes thereto, provided and to be provided to Lender truly by Borrower have been prepared in accordance with generally accepted accounting principles, consistently applied, and fully and fairly represent the financial condition of the parties shown therein as the dates of those statements and the results of operations for the periods covered by those statements, and there have been no material adverse changes in the financial condition or business of Borrower as reflected in those financial statements.
- 5.10** This Agreement and any instrument or agreement Borrower is required to give under this Agreement when delivered will constitute legal, valid, and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms.

- 5.11** No litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) against Borrower is pending or threatened, and no other event has occurred which may materially adversely affect Borrower's financial condition or Borrower's properties, other than litigation, claims, or other events, if any, that have been disclosed to and acknowledged by Lender in writing.
- 5.12** To the best of Borrower's knowledge, all of Borrower's tax returns and reports that are or were required to be filed, have been filed, and all taxes, assessments and other governmental charges have been paid in full.
- 5.13** Each consent, approval or authorization of any person or entity or authority required to be obtained or effected by Borrower in connection with the execution and delivery of this Agreement and the Related Documents or the undertakings or performance of obligations there under, has been properly obtained and is effective.
- 5.14** This Agreement and all Related Documents are binding upon the signers thereof, as well as upon their successors, representatives and assigns, and are legally enforceable in accordance with their respective terms.
- 5.15** The Collateral Documents create a valid, enforceable and perfected first priority lien on the Collateral and are enforceable against all third parties in all jurisdictions securing the payment of all Obligations purported to be secured thereby, and all action required to perfect fully such Lien so constituted will have been taken and completed prior to funding of the Loan. There are no Liens on any of the Collateral other than the Lien of Lender granted under the Loan Documents, or the Permitted Exceptions. The Collateral is free from all delinquent charges, rents, taxes and assessments and from any past due obligations for sales and payroll taxes and wages.

**6. AFFIRMATIVE COVENANTS.** Borrower covenants and agrees with Lender that, so long as this Agreement remains in effect and until the Note and the Obligations of the Borrower have been paid and satisfied, Borrower will:

- 6.1** Promptly inform Lender in writing of (1) all material adverse changes in Borrower's financial condition, and (2) all existing and all threatened litigation, claims, investigations, administrative proceedings or similar actions affecting Borrower which could materially affect the financial condition of Borrower, or Borrower's ability to fulfill its obligations pursuant to the Loan and the Related Documents.
- 6.2** Maintain fire and other risk insurance, public liability insurance, workers

compensation insurance, such other insurance as Lender may require with respect to the Collateral, Borrower's properties and operations, in form, amounts, coverages and with insurance companies acceptable to Lender. Borrower, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least thirty (30) days prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Borrower or any other person. In connection with all policies covering assets in which Lender holds or is offered a security interest, Borrower will provide Lender with such loss payable or other endorsements as Lender may require.

**6.3** All Loan proceeds received pursuant to this Agreement shall be used solely for purchase of the specific fixed assets to be used in Borrower's business operations within the City of Ashland as contained in its application for the loan, to wit:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**6.4** Pay and discharge when due all of its indebtedness and obligations, including without limitation all assessments, taxes, governmental charges, levies and liens, of every kind and nature, imposed upon Borrower or its properties, income, or profits, prior to the date on which penalties would attach, and all lawful claims that, if unpaid, might become a lien or charge upon any of Borrower's properties, income, or profits.

**6.5** Permit employees or agents of Lender at any reasonable time to inspect any and all Collateral and Borrower's other properties and to examine or audit Borrower's books, accounts, and records and to make copies and memoranda of Borrower's books.

**7. NEGATIVE COVENANTS.** Borrower covenants and agrees with Lender that, so long as this Agreement remains in effect and until the Loan and Note have been paid and satisfied, Borrower shall not, without the prior written consent of Lender:

**7.1** Sell, transfer, mortgage, assign, pledge, lease, grant a security interest in, or encumber any of the Collateral.

**7.2** (1) sell, exchange, transfer or otherwise dispose of any of Borrower's property, except in the normal course of business; (2) sell, exchange, transfer, lease or otherwise dispose of all or any substantial part of its capital assets; (3) make any

payments upon or transfer any assets in satisfaction, in whole or in part, of any indebtedness subordinated to the Indebtedness or any other indebtedness owing to Lender; (4) consolidate with or merge into any other business concern or permit any other business concern to consolidate with or merge into Borrower; or (5) allow the sale, assignment, pledge, encumbrance or transfer to a third party any of the voting stock, partnership interests or ownership interests (as the case may be) of Borrower without the prior written consent of Lender.

**8. DEFAULT.** Each of the following shall constitute an Event of Default under this Agreement:

- 8.1** Borrower fails to make any payment when due under the Note.
- 8.2** Borrower fails to comply with or to perform any other term, obligation, covenants or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or conditions contained in any other agreement between Lender and Borrower.
- 8.3** Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Agreement or the Related Documents that is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.
- 8.4** The dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

**9. REMEDIES IN EVENT OF DEFAULT.** If any Event of Default shall occur, except where otherwise provided in this Agreement or the Related Documents, all commitments and obligations of Lender under this Agreement or the Related Documents or any other agreement immediately will terminate (including any obligation to make further Advances or disbursements), and, at Lender's option, all indebtedness, including but not limited to amounts owed pursuant to the Note, immediately will become due and payable, all without notice of any kind to Borrower, except that in the case of an Event of Default of the type described in the "Insolvency" subsection above, such acceleration shall be automatic and not optional. In addition, Lender shall have all the rights and remedies provided in the Related Documents or available at law, in equity, or otherwise, including but not limited to enforcing its security interest in any or all of the Collateral referred to in this Agreement. Except as may be prohibited by applicable law, all of Lender's rights and remedies shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to

take action to perform an obligation of Borrower shall not affect Lender's right to declare a default and to exercise its rights and remedies.

**10. LENDER'S EXPENDITURES.** If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Borrower fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Borrower's failure to discharge or pay when due any amounts Borrower is required to discharge or pay under this Agreement or any Related Documents, Lender on Borrower's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on any Collateral and paying all costs for insuring, maintaining and preserving any Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Borrower. All such expenses will become a part of the indebtedness owed to Lender and, at Lender's option, will (A) be payable on demand; and/or (B) be added to the balance of the Note.

**11. MISCELLANEOUS PROVISIONS.** The following miscellaneous provisions are a part of this Agreement:

- 11.1** This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.
- 11.2** Borrower agrees to pay upon demand all of Lender's costs and expenses, including Lender's reasonable attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement or any Related Documents. Lender may hire or pay someone else to help enforce this Agreement or any Related Documents, and Borrower shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's reasonable attorneys' fees and legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Borrower also shall pay all court costs and such additional fees as may be directed by the court.
- 11.3** Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.
- 11.4** This Agreement will be governed by, construed and enforced in accordance with the laws of the Commonwealth of Kentucky. This Agreement has been accepted by

Lender in the Commonwealth of Kentucky.

- 11.5** If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Boyd County, Commonwealth of Kentucky.
- 11.6** Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Borrower, shall constitute a waiver of any of Lender's rights or of any of Borrower's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.
- 11.7** Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Borrower agrees to keep Lender informed at all times of Borrower's current address. Unless otherwise provided or required by law, if there is more than one Borrower, any notice given by Lender to any Borrower is deemed to be notice given to all Borrowers.
- 11.8** If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.
- 11.9** All covenants and agreements contained by or on behalf of Borrower shall bind

Borrower's successors and assigns and shall inure to the benefit of Lender and its successors and assigns. Borrower shall not, however, have the right to assign Borrower's rights under this Agreement or any interest therein, without the prior written consent of Lender.

**11.10** Borrower understands and agrees that in extending the Loan, Lender is relying on all representations, warranties, and covenants made by Borrower in this Agreement or in any certificate or other instrument delivered by Borrower to Lender under this Agreement or the Related Documents. Borrower further agrees that regardless of any investigation made by Lender, all such representations, warranties and covenants will survive the Loan and delivery to Lender of the Related Documents, shall be continuing in nature, and shall remain in full force and effect until such time as Borrower's indebtedness shall be paid in full, or until this Agreement shall be terminated, whichever is the last to occur.

**11.11** Time is of the essence in the performance of this Agreement.

**11.12 Waive Jury. ALL PARTIES TO THIS AGREEMENT HEREBY WAIVE THE RIGHT TO ANY JURY TRIAL IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY.**

**BORROWER ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS BUSINESS LOAN AGREEMENT AND BORROWER AGREES TO ITS TERMS. THIS BUSINESS LOAN AGREEMENT IS DATED \_\_\_\_\_, 20\_\_.**

**BORROWER:**

\_\_\_\_\_

STATE OF KENTUCKY                   :  
COUNTY OF \_\_\_\_\_            :

Acknowledged, subscribed and sworn to before me by \_\_\_\_\_ and  
\_\_\_\_\_ on behalf of \_\_\_\_\_ on this \_\_\_\_\_ day of  
\_\_\_\_\_ 20\_\_.

NOTARY PUBLIC  
My Commission Expires:

**LENDER:**

**COMMUNITY DEVELOPMENT BLOCK GRANT MINORITY LOAN PROGRAM**

**BY:** \_\_\_\_\_

**ITS:** \_\_\_\_\_

STATE OF KENTUCKY :  
COUNTY OF \_\_\_\_\_ :

Acknowledged, subscribed and sworn to before me by \_\_\_\_\_ on behalf  
of **Community Development Block Grant Minority Loan Program** on this \_\_\_\_\_ day of  
\_\_\_\_\_ 20\_\_.

NOTARY PUBLIC  
My Commission Expires: