



DEPARTMENT OF PLANNING & DEVELOPMENT

Joe Duffy, Director

Annette M. Blackwell, Mayor

MUNICIPAL SMALL BUSINESS INITIATIVE OVERVIEW

PROGRAM SUMMARY

The MSBI program combines a private loan, a municipal forgivable loan (or performance grant), owner equity, and technical assistance (free consulting from a Small Business Development Center, or SBDC) to fund a business growth project for qualified entrepreneurs. References to “SBA” are an abbreviation for the Small Business Administration.

PARTNERSHIP STRUCTURE

Private Bank Loan	SBA Affiliate, Bank, Credit Union, Community Development Finance Institution, or Microlender	75% of project
MSBI Forgivable Loan / Performance Grant*	City of Maple Heights	15% of project
Owner Equity Injection*	Owner’s equity or outside investors	10% of project

*In some cases an applicant may qualify for the forgivable loan to be 20% and the equity 5%.

Typical uses include; real estate acquisition, construction, equipment, repairs, inventory, and leasehold buildout.

Example: A restaurant business is planning on opening a second location. The new building requires \$50,000 in leasehold improvements and \$25,000 toward new furniture, fixtures and equipment (total project cost being \$75,000). They obtain a \$56,250 loan at 6% for 10 years, with a payment of \$640/month from “Friendly Bank” under the SBA 7(a) program. The City MSBI loan is \$11,250, with no payments and 0% interest. The owner puts in the last \$7,500 in cash from savings and investors.

MSBI FORGIVABLE LOAN TERMS

0% interest, no repayment. Municipalities may or may not take a subordinate lien position. They will sign a *standby agreement* in favor of the lender who underwrites the private loan. The loan will require a certain number of jobs to be created, and when those jobs are created, the loan will be forgiven by the participating municipality.

Maximum grants are typically \$50,000, however the municipality may elect to provide up to \$100,000 depending on certain goals of the project.

PROCESS OVERVIEW / CHECKLIST

- 1) Small business approaches the municipality to apply for an MSBI loan
- 2) Municipality provides APPLICATION and INTAKE SHEET to small business
- 3) Municipality reviews APPLICATION and INTAKE SHEET and issues a LETTER OF UNDERSTANDING to small business owner on a deliberative basis
- 4) Municipality provides LETTER OF UNDERSTANDING, APPLICATION, and INTAKE SHEET to SBA and to Technical Assistance Provider
- 5) Small business meets with private lender or obtains private loan financing for 75% of the project
- 6) Small business meets with Technical Assistance Provider for assessment and support
- 7) Technical Assistance Provider provides certification to small business and participating municipality



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- 8) Lender, and municipality close on loans, and you (the borrower) contributes 10%
- 9) Municipality informs Cuyahoga County of the loan closing
- 10) Small Business reports to City on job creation

FINDING A LENDER

Small businesses may work with Raymond Graves (216-522-4192 or raymond.graves@sba.gov) to select an SBA lender, who are familiar with the needs of small businesses.

Some Options: [Growth Capital Corporation](#) is the most active SBA 504 Certified Development Company in Cuyahoga County. The [Economic and Community Development Institute](#) is the most active Microlender in Cuyahoga County. Both lenders provide SBA 7(a) loans via the Community Advantage Program.

Small Business owners have an option to work with these lenders, your existing lender, or find a new lender via <https://www.sba.gov/funding-programs/loans/lender-match>. If your lender is not familiar with MSBI, you are welcome to contact raymond.graves@sba.gov.

The City of Maple Heights does not establish a preference for particular lenders. There are no “recommended” or “participating” banks, as there is not a City government established preference beyond one which best serves you as the project leader.

POINTS OF CONTACT

Small Business Administration, Cleveland District Office:

- Raymond Graves, 216-522-4192
raymond.graves@sba.gov

City of Maple Heights:

- Joe Duffy, 216-587-9031
jduffy@mapleheightsohio.com

Technical Assistance Providers:

- Felicia Townsend, Urban League SBDC, 216-812-3164
FTownsend@ulcleveland.org
- Katie Van Dyke, Cleveland State University SBDC, 216-687-6902
k.vandyke@csuohio.edu
- Randy Cedeno, Hispanic Business Center SBDC, 216-281-4422
RCedeno@HBCenter.org

Applicants may also be eligible to receive technical assistance from the Women’s Business Center of ECDI, please find more information at <https://www.wbcoho.org/cleveland>

Wishing you great success toward your goals in The City of Maple Heights!

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