

## **Instructions for Community Development Block Grant Economic Development Program Closing Binder**

In order for a community to draw funds for a Community Development Block Grant (CDBG) Economic Development Program project, a closing binder must be submitted to the Office of Community Development (OCD) and approval received in writing. OCD approval is based on inclusion of the required documents and compliance with the terms of the grant agreement and should not in any way be construed as a legal opinion.

### **For a loan project, a closing binder must contain:**

- 1) **A copy of the environmental review release letter from OCD.** This is to ensure that the environmental review has been completed and a Release of Funds received from OCD prior to expenditure of CDBG funds.
- 2) **Evidence of site control.** This can be in the form of a mortgage or property deed that shows ownership of the site by the community or beneficiary company. Other possible exhibits include a lease agreement, if the property will not be purchased, or a purchase option, if the company has not yet closed on the land.
- 3) **Evidence that non-CDBG project financing is in place.** The documentation should have been provided in the project application and will need to be reproduced for inclusion in the closing binder.
- 5) **Evidence that equity is in place.** Equity verification should have been provided in the project application and will need to be reproduced for inclusion in the closing binder.
- 6) **Evidence of compliance with grant agreement special conditions.** Refer to Attachment B of the Grant Agreement.
- 7) **Loan Agreement** (sample attached)
- 8) **Security Agreement** (sample attached). A grantee may also add a paragraph outlining collateral for the loan and attach the appropriate documentation i.e. a list of equipment and UCC forms or the mortgage to the Loan Agreement.
- 9) **Open-end Mortgage** (sample attached) – required only if CDBG has a security position on the land/building.
- 10) **Cognovit Promissory Note** (sample attached)
- 11) **Guaranty** (sample attached) – required only if personal guarantees are required.
- 12) **Intercreditor/Subordination Agreement** (sample attached) – A grantee may enter into an agreement of this type with the bank or other project lenders.
- 13) **Evidence of review and approval as to form** and content by the legal counsel for the grantee. This is the most important part of the closing binder! This is generally a letter from the county/city prosecutor.

### **For an infrastructure project, a closing binder must contain:**

- 1) **A copy of the environmental review release letter from OCD.** This is to ensure that the environmental review has been completed and a Release of Funds received from OCD prior to expenditure of CDBG funds.

- 2) **Evidence of site control.** This can be in the form of a mortgage or property deed that shows ownership of the site by the community or beneficiary company. Other possible exhibits include a lease agreement, if the property will not be purchased, or a purchase option, if the company has not yet closed on the land.
- 3) **Evidence that non-CDBG project financing is in place.** The documentation should have been provided in the project application and will need to be reproduced for inclusion in the closing binder.
- 5) **Evidence that equity is in place.** Equity verification should have been provided in the project application and will need to be reproduced for inclusion in the closing binder.
- 6) **Evidence of compliance with grant agreement special conditions.** Refer to Attachment B of the Grant Agreement.
- 7) **Guaranty of Completion** (sample attached)
- 8) **Evidence of review and approval as to form** and content by the legal counsel for the grantee. This is the most important part of the closing binder!