

DOWNTOWN GRANT/LOAN PROGRAM

Guidelines and Application

Sponsored by

Rural Revitalization Corporation
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&

City of Olean
Mary George 376-5647

SECTION 1. GENERAL

1.1 Objectives. The Downtown Grant Loan Program (DGLP) has been designed to provide financial incentives for commercial property owners to rehabilitate their buildings, reduce downtown commercial vacancy rates, create employment opportunities for residents, and preserve and expand the tax base of the City of Olean.

1.2 Forms of Assistance. The Program will provide assistance to commercial property owners and (with owner permission) businesses in the form of low-interest grants/loans for commercial/business improvement projects. The Loan Committee (LC) will review all applications and make recommendation to the Olean Common Council for final approval.

1.3 Target Areas. All properties to receive financing assistance under the Program must be located on the commercial strip identified on the attached map.

SECTION 2. ELIGIBILITY REQUIREMENTS

All commercial properties will be considered and applications evaluated on a case-by-case basis to determine the overall effect the renovations will have on the target area.

2.1 Eligible Activities. Eligible activities include the following interior commercial space and façade improvements:

- (a) Improvements to electrical systems;
- (b) Improvements to heating or air conditioning systems;
- (c) Improvements to plumbing systems;
- (d) Improvements to ceilings, floors, and walls;
- (e) Foundation work;
- (f) Other structural work;
- (g) Exterior roofing, when critically needed to eliminate the cause of interior building damage;
- (h) Façade improvements, i.e., lighting, signage, installation of awnings, construction and installation of landscaping, planting, and street furniture;
- (i) Renovations to upper floor usage, i.e. housing, offices, commercial;
- (j) Any other improvements deemed appropriate for commercial space improvement by the LC.

2.2 Eligible Applicants. Eligible applicants include owners of commercial buildings and (with owner permission to renovate/rehabilitate the property) businesses within the target areas.

2.3 Eligible Use of Funds. Program funds may be used for construction activities, the purchase of materials and other activities related to the renovation of commercial space.

SECTION 3. PROGRAM STANDARDS

3.1 Minimum Amount of Assistance. Program assistance will not be considered where the City's financial assistance toward the total cost of the program amount of required assistance is less than \$3,000.

3.2 Maximum Amount of Assistance. Two financing options are offered under this program: 1) Grants for up to 60% of a project's total cost to a maximum of \$20,000, and; 2) Low interest loans for up to 40% of a project's cost, not to exceed \$40,000. Grants/loans may be provided to a business or property owner for more than one project as long as the total funds do not exceed \$40,000.

3.3 Exceptions. Minimum and maximum deferred loan amounts shall be used as a guide. The LC reserves the right to make decisions regarding minimum and maximum loan amounts depending on the availability of funds, the ability of the project to significantly enhance the target area, and the documented need for greater investment to ensure success. Exceptions shall be substantiated by the applicant and documented in written and financial form. The LC's decision regarding any approved exceptions must also be documented in a written form.

SECTION 4. LENDING POLICIES

4.1 Term of Loans. The loan term under the Program will be up to ten years, made on a monthly basis and until the loan is satisfied.

4.2 Interest Rate. The interest rate charged for payment of the loan portion will be 5%.

4.3 Repayment Terms. The outstanding principal balance of the Program loan will become due and payable immediately upon any default as defined in the loan documents.

4.4 Security. Appropriate collateral and guarantees will be determined on a case-by-case basis by the LC. **At a minimum**, personal guarantees will be required.

SECTION 5. APPLICATION PROCESSING

5.1 Loan Applications. Applications for the Program must include all of the information required by the Program Application Form. The LC may request additional information.

5.2 Application Fee. No fee shall be required to submit an application under the Program.

5.3 Application Processing. The processing of loan applications will be the responsibility of the LC and will generally consist of the following steps:

- (a) Review applications for completeness and procurement of appropriate additional information;

- (b) Review of Program eligibility criteria and factors pursuant to Federal and State regulations (including the State Historic Preservation Office) and any financing secured through public and/or private financing sources;
- (c) Determine economic feasibility, perform credit analysis, and assess risk;
- (d) Verify range of work necessary;
- (e) Determine amount of financing, including appropriate security;

5.4 Loan Review Committee. The LC will review loan applications and approve/deny assistance. No loan application may be presented to the City of Olean Common Council without analysis and recommendation(s) by the LC.

5.5 Loan Approval. The LC shall recommend to the Olean Common Council the project and the Olean Common Council shall have sole authority to approve or deny expenditures of loan funds. Such authority shall include the commitment to lend Program funds, the repayment terms, the amount of owner contribution, and the required/appropriate security for the loan. The application of other appropriate conditions of lending and covenants of the borrower shall be the responsibility of the City Attorney with input from the LC.

5.6 Loan Denial.

- (a) Loan applications may be denied by the ORLF based on a lack of application completeness or a failure to meet the eligibility criteria pursuant to Sections 5.3(a) and 5.3(b) of this Plan respectively. In such instances, the applicant will be notified in writing of the reason(s) for denial.
- (b) Loan applications may be denied by the LC if it determines that Program financing is clearly inappropriate based on the reviews conducted in accordance with Sections 5.3(c) and 5.3(e) of this Plan. In such instances, the applicant will be notified in writing of the reason(s) for disapproval. Loan applications may also be denied by the LC for any reason or reasons which represent a reasonable determination that the approval of the application would not meet the objectives of the Program and/or would not represent an appropriate or prudent use of Program funds. In such instances, the applicant will be notified in writing of the reason(s) for denial.

SECTION 6. POST-APPROVAL PROCESS

6.1 Commitment Letter. Upon the LC's approval of and the subsequent authorization of the Olean Common Council for a Program loan/grant, a commitment letter shall be sent to the applicant within 14 days, that includes, at a minimum, the following information:

- (a) The amount of the loan approved, the amount of owner contribution required, applicable interest rate (if any), the term of the loan, the terms of repayment, and the expiration date of the commitment.
- (b) The required use of the loan funds.

- (c) Any other conditions of participation in the program and disbursement of the loan funding.
- (d) Summary information regarding requirements.
- (e) A listing and explanation of any fees to be charged and other closing costs, which will be the responsibility of the borrower. Construction management is available, if requested by the applicant, a fee will be applied based on the scope of the work.
- (f) A listing of any special conditions or requirements of the borrower that must be fulfilled precedent to a loan closing.
- (g) Any other information, which could reasonably be expected to influence the borrower's decision to accept the terms of the loan commitment.

6.2 Commitment Fee. A Program closing cost fee of an amount not to exceed \$500 will be charged at the time of closing.

6.3 Loan Closings. The City's Attorney or his/her designee shall have the responsibility to prepare and/or require the preparation of all appropriate closing documents. The City's Attorney shall determine the appropriate closing documents to be executed based on the terms and conditions of the loan approval and standard commercial lending policies. Closing documents shall generally include the following:

- (a) A loan agreement which includes a description of the loan terms and security, appropriate representations and warranties, the conditions of lending, affirmative and negative covenants - including compliance with applicable federal laws and regulations, requirements regarding employment creation and reporting, default provisions, and any other provisions which may be appropriate.
- (b) A note or notes to evidence the indebtedness and the terms of repayment.
- (c) The appropriate documents to evidence and record mortgages, liens, guarantees, and such other security as may be required by the terms of the loan.
- (d) Other appropriate documents as determined by the City's Attorney.

6.4 Security. The City's Attorney will be responsible for perfecting all of the Program's security interests including, where appropriate, and not limited to the execution of security agreements, the filing of financing statements, the execution and filing of mortgage documents, the execution of guarantees, UCC filings and any other appropriate action to adequately protect the City's security interests.

SECTION 7. LOAN MANAGEMENT

7.1 Delinquencies. The LC will contact the borrower upon default of the Loan Agreement Terms to inform the borrower of the delinquency. Delinquencies which continue for 30 days will be referred to the City's Attorney for further action.

7.2 Adjustment of Terms and Conditions. Requests by the borrower for adjustment of any of the terms and conditions of the loan will be reviewed to determine whether the adjustment is in the best interests of the Program. Requests will be processed in accordance with the following:

(a) Requests to adjust terms of the loan or security for the loan will be presented to the LC for action.

(b) Requests for changes respecting any covenants or conditions of a financial nature must be approved by the LC as to content and the City's Attorney as to form.

(c) Requests for any other changes to the covenants or conditions of the loan including, but not limited to such areas as reporting requirements, cost documentation, and maintenance of records may be approved by the LC.

7.3.1 Compliance Monitoring. The Rural Revitalization Corporation and Community Development staffs will be responsible for monitoring the borrower's compliance with all of the conditions and covenants of the Loan Agreement, including the eligibility requirements set forth above. In addition the property must be insured and property taxes must remain current throughout the life of the loan. The responsibility of the LC shall include taking appropriate actions in the event of non-compliance, informing the City Attorney of any incidence of default under the terms and conditions of the loan agreement, and providing file documentation as appropriate.

Downtown Grant/Loan Program

LOAN APPLICATION FORM

PART 1. APPLICANT INFORMATION

Name of Applicant: _____ Corporation Year____ State____

Business Address: _____ Partnership Year____ State____

_____ L.L.C. Year____ State____

Contact Person: _____ L.L.P. Year____ State____

Federal ID #: _____ Sole Proprietorship Year____

Telephone: () _____ FAX: () _____ E-Mail: _____

Nature of Business: _____

Company Attorney: _____ Accountant: _____

Firm Name: _____ Firm Name: _____

Address: _____ Address: _____

Telephone: _____ Telephone: _____

Are the real estate taxes on the property proposed for improvement current? Yes No

Is the company delinquent in the payment of any income tax obligation? Yes No

Is the company delinquent in the payment of any loans? Yes No

Is the company currently in default on any of its loans? Yes No

Are there currently any unsatisfied judgments against the company? Yes No

Are there currently any unsatisfied judgments against any of the company's principals? Yes No

Has the company ever filed for bankruptcy? Yes No

Have any of the company's principals ever personally filed for bankruptcy or in any way sought protection from creditors? Yes No

If the answer to any of the questions above is "Yes," please provide additional comments in the space below and on additional pages if necessary.

PART 2. PROJECT INFORMATION

Summary Project Description: _____

Project Costs		Sources of Funds	
Construction/Renovation	\$ _____	RRC/Olean DGLP	\$ _____
Machinery / Materials	\$ _____	Personal Equity	\$ _____
Furnishings / Fixtures	\$ _____	Private Financing	\$ _____
Total	\$ _____	Total	\$ _____

PART 3. REQUIRED EXHIBITS

Exhibit A - Project Information

- source of all project costs shown in Part 2 of this application (vendor quotes, negotiated sales prices, engineer's or contractor's estimates, catalog prices, etc.);
- details regarding other project financing including status of other loan applications, terms, conditions, and security for all financing, sources of equity capital, and current lien status for all company assets;

Target Area: The General Commercial area on West State Street between 5th Street and Union Street and North Union Street between State Street and Whitney Avenue.

