



TOWN OF DRYDEN BUSINESS LOAN PROGRAM

Funded by: Community Development Block Grant Program
Income

PROGRAM GOALS AND OBJECTIVES:

The goals and objectives of the Town of Dryden's Community Development Business Loan Program (the "Program") are to: (1) create new employment opportunities through the expansion of existing or the creation of new businesses in the Town, and/or to retain existing employment opportunities in the Town. At least 51% of the newly created jobs or retained jobs must be available to or retained by low-to-moderate income persons as defined later in this document ("LMI"); (2) increase taxable value of property; (3) identify and provide assistance for projects that present growth potential in terms of future employment; (4) provide essential services or businesses lacking in the neighborhood or community; (5) leverage private funds; (6) develop local interests to the greatest extent possible by encouraging the use of local contractors and/or suppliers/vendors etc. wherever applicable and/or appropriate; (7) develop opportunities in the Town's central business district that will increase foot traffic; and (8) assist the development of microenterprises (those businesses with five or fewer employees).

Only projects that meet objective #1 above can be considered for funding.

LOCATION OF PROGRAM:

To be eligible for assistance a business must be located in the Town of Dryden. The business location must be zoned appropriately for the proposed business use.

ELIGIBILITY:

1. **All Town payments** including, but not limited to taxes and water and sewer charges, **must be current** for the business as well as the business owner(s) (i.e. taxes and fees on personal residence if in the Town, etc).
2. **All new businesses must have a current business plan.** Existing businesses may be required to provide a business plan at the Town's option. If you are a new business and do not have a business plan, you should contact the Town's Program Administrator, Thoma Development Consultants at 607-753-1433.
3. Eligible activities include, but are not limited to, business acquisition, manufacturing, warehousing, distribution, agri-business, high-technology, research and development, and traditional and innovative small business projects. Market driven businesses such as restaurants and retail businesses will be considered when that business is integral to the Town's revitalization efforts.

4. Ineligible activities include, but are not limited to, the refinance of existing debt or payments on bridge loans, debt consolidation, speculative activities, illegal activities, gambling, activities that result in the loss of jobs in the Town of Dryden, and activities that cannot satisfy the requirements to create or retain jobs for LMI persons.
5. Applicants should be credit worthy.

ELIGIBLE USES OF FUNDS:

1. to purchase machinery, equipment, furniture and fixtures including, but not limited to, manufacturing, processing, or display equipment; computer hardware; office furniture, display fixtures, or other equipment/fixtures that directly support the business activities of the Applicant. All machinery, equipment, furniture, and fixtures acquired with Town funds shall be stored and used at the business's primary Town location and will be secured by the Town via a UCC filing; and/or
2. to acquire real property; and/or
3. for working capital purposes, the specific use(s) of which must be detailed in the application for assistance and in any commitment or agreements/documents provided by the Town. In general, working capital will only be considered for new businesses or expansion of an existing business's services, capabilities, or employment. The Town reserves the right to file a UCC lien on the business and its assets; and/or
4. for the purchase of inventory. The general type and amount of inventory must be detailed in the application for assistance and in any commitment or agreements/documents provided by the Town. The Town reserves the right to file a UCC lien on the business and its assets; and/or
5. to purchase software that is specifically related to the business activity of the Applicant. The Town reserves the right to file a UCC lien on the business and its assets; and/or
6. construction, building renovations and/or improvements and other types of construction related activities are eligible but discouraged due to prevailing wage rate issues; and/or
7. for other uses, not specifically noted above, if deemed appropriate by the Town, and considered eligible under the Community Development Block Grant Program.

INELIGIBLE USES OF FUNDS:

1. refinancing existing debt or payment of interest as a result of interim financing;

2. activity(ies) that will result in the loss of a job or jobs or the reduction of hours for any existing employee; and/or
3. the purchase or lease of motor vehicles; and/or
4. illegal activities or activities that are inconsistent with or will detract from the character of the Town; are reasonably objectionable to the Town or do not comply with local zoning regulations, other municipal plans, or are not in keeping with the historic character of the Town's historic districts.

RATE AND TERMS:

All loan funds shall be provided as a repayable loan with an interest rate of 60% of prime as advertised in the Wall Street Journal on the date the Loan Committee recommends the loan for approval.

The term of loans shall be determined by the activity to be financed, and shall be determined by the Town's Loan Committee, in its sole discretion, as approved by the Town Board. The term of the loan is based on the date that amortized payments begin. Generally, terms shall be as follows: (1) up to three years for working capital or inventory loans; (2) useful life of equipment for machinery and equipment loans; (3) up to 15 years for real estate loans; (4) loans that include more than one of the foregoing may have a blended term.

FINANCIAL ASSISTANCE:

1. The total amount of assistance available per project is based on the number of jobs to be retained or created. The Town can loan up to \$35,000 per job created/retained, up to a maximum of \$100,000. The more jobs to be retained or created per public funds requested, the greater the chance of approval. The amount to be provided per project will be determined by the Town's Loan Review Committee based on a review of the application and supporting documentation. The Town Board must provide final approval to those Applicants that are recommended for award by the Loan Committee.
2. The Town loan cannot exceed 75% of the total project cost, subject to the \$100,000 maximum noted above. Loans with a higher amount of other funding will be viewed more favorably. A minimum of 10% of the project cost must be provided from owner's equity.

OTHER TERMS AND CONDITIONS:

- 1) A commitment fee of \$250 will be due at closing for all loans.

- 2) A Loan and Security Agreement will be executed between the Town and the Loan Recipient prior to the disbursement of any funds. This Agreement will detail the terms and conditions of the funding, which will include, but not be limited to the items listed below. The Recipient will execute other documents at closing based on the activity and collateral as determined by the Town. The Recipient is responsible for hiring its own attorney or may waive the right to an attorney to close the loan by signing an affidavit of waiver.
- 3) The Recipient will be responsible to repay any balance due the Town immediately in the event the business ceases operation, is sold or moves outside the Town of Dryden prior to the end of the term or before the loan is paid in full.
- 4) All low-to-moderate income jobs (see attached) to be created or retained will be verified pursuant to a process established by the Town. The process requires the completion and submission of certain forms and reports by the Recipient. The employment monitoring will continue until such time as the job obligation is met. Once the jobs obligation is met, the Town will monitor total jobs on a semi-annual basis. The Recipient will be required to maintain a substantial portion of the total jobs (90%) for a period of 24 months following the satisfaction of the jobs obligation. Failure to maintain these jobs may result in default of the loan.
- 5) All funded businesses must carry insurance on the contents of their businesses to cover, at a minimum, the total amount provided by the Town under this Program. If the business has other loan obligations outstanding, the insurance should be adequate to cover all other obligations, in addition to the Town's. The Town will be listed as loss payee or mortgagee on the business's policy and a certificate of insurance will be required to document coverage. The Recipient must also carry liability insurance.
- 6) The Loan Recipient will hold harmless the Town and its agents by signing the Loan and Security Agreement.
- 7) The Town's funding should be funding of last resort. The Applicant/Recipient must document that they have sought other means of financing the subject project but that financing was not available. Letters from banks and other potential lenders will be included in the permanent file.

Questions regarding the program should be directed to the Town's community development consultant:

Thoma Development Consultants
34 Tompkins Street
Cortland, NY 13045
607-753-1433

TDC@thomadevelopment.com

DETERMINING LOW-TO-MODERATE INCOME (LMI) JOBS

To be eligible for funding under the Town's Loan Program, the project must create or retain jobs, 51% of which are available to/filled by LMI persons. The types of job to be created/retained will determine if the job is a LMI job. The Recipient must document that first consideration is given LMI persons for identified LMI jobs and that LMI persons are hired by complying with an established monitoring system. Jobs may be claimed to be available to LMI persons when **both** of the following conditions are met:

- 1) The jobs **do not** require special skills that can only be acquired with substantial (i.e. one year or more) training or work experience, and/or education beyond high school unless the business agrees to hire and train unqualified persons; **and**
- 2) Actions are taken by the Recipient to insure that low-to-moderate income persons receive “first consideration” when hiring for such jobs, including:
 - The Recipient must use a hiring process that under normal circumstances would result in at least 51% of those interviewed meeting the LMI income test;
 - The Recipient must consider a sufficient number of LMI income job applicants to give reasonable opportunity to fill the position with a LMI income person;
 - The Recipient must give consideration to the distance from the residence of a LMI job applicant and the availability of transportation to the job site in order for the applicant to be considered a serious applicant for the job.

A job Applicant will be considered low-to-moderate in income if the family’s **gross annual** income does not exceed the maximum income noted for that family size in the chart below. Family is defined as those persons in a household that are related by marriage, birth or adoption.

HUD INCOME LIMITS FOR DETERMINATION OF LOW-TO-MODERATE INCOME PERSONS EFFECTIVE 04/2019

| FAMILY SIZE | MAXIMUM INCOME LIMIT |
|-------------|----------------------|
| 1 | \$47,000 |
| 2 | \$53,700 |
| 3 | \$60,400 |
| 4 | \$67,100 |
| 5 | \$72,500 |
| 6 | \$78,850 |

| | |
|---|----------|
| 7 | \$83,250 |
| 8 | \$88,600 |