

SARATOGA SPRINGS

ECONOMIC DEVELOPMENT REVOLVING LOAN PROGRAM

- PROGRAM GUIDELINES -

SARATOGA SPRINGS OFFICE OF COMMUNITY DEVELOPMENT
City Hall - 474 Broadway
Saratoga Springs, New York 12866-2296
ph: 518-587-3550 fx: 518-580-9480
www.saratoga-springs.org



The City of Saratoga Springs does not discriminate on the basis of age, race, color, gender, religion, handicap, sexual orientation, familial status or national origin in employment or the provision of services.

(Revised 4/18)

ECONOMIC DEVELOPMENT REVOLVING LOAN PROGRAM

PROGRAM OBJECTIVE

The City of Saratoga Springs established the “Economic Development Revolving Loan Program” (hereinafter, the Loan Program), to stimulate job creation for residents of low- and moderate-income. The Loan Program would, in effect, help to subsidize these job opportunities by offering low interest loans and/or loan guarantees to businesses physically locating within the City of Saratoga Springs. The goal of the Loan Program is to create at least one such job for every \$25,000 loaned.

The Loan Program, originally funded by a U.S. Department of Housing and Urban Development (HUD) grant, is administered locally by the City’s Office of Community Development (OCD) and all applicants must agree to federal program requirements. The City’s intent is to make loans to eligible businesses to promote job creation for LMI residents. New loans will then be issued as funds become available from repayment of prior loans.

APPLICATION REQUIREMENTS

1. A successful loan applicant must be a business that is physically located within the city limits of Saratoga Springs.
2. A successful loan applicant must have all real estate taxes and special assessments on all identified real property in the loan application, residential and commercial, paid in full prior to the submission of any loan application.
3. A successful loan applicant must create new Full-time equivalent (FTE) employment for persons of low- and moderate-income. These employment positions should be available to persons with no more than a high school education and should not require previously acquired skills or training.

Current Income Guidelines

Household Size	“Low Income”	Household Size	“Moderate Income”
	Maximum <u>Annual Income</u>		Maximum <u>Annual Income</u>
1 person	\$ 30,250	1 person	\$ 48,400
2 persons	34,600	2 persons	55,300
3 persons	38,900	3 persons	62,200
4 persons	43,200	4 persons	69,100
5 persons	46,700	5 persons	74,650
6 persons	50,150	6 persons	80,200
7 persons	53,600	7 persons	85,700
8 or more persons	57,050	8 or more persons	91,250

4. Eligible businesses include manufacturing, warehousing and wholesaling enterprises. Finance, insurance and real estate businesses are not eligible to apply. Potential applicants from retail and service-oriented businesses will be evaluated on a case by case basis.

The City may make exceptions to these exclusions for loans to fund on or off-site infrastructure improvements on a case by case basis.

5. The maximum loan from this fund to any one applicant will be \$75,000. Exceptions to this guideline will be made only in the most unusual of circumstances. Interest rates will be negotiated on a case by case basis but will carry a minimum charge of the Prime Rate minus 1%, not to go below 0%.
6. Fixed asset loans may be approved for up to 100% of the costs for land acquisition, building construction or rehabilitation, capital equipment, and attendant soft costs (e.g., legal, accounting, design fees, surveys, etc.).
7. Direct loans for working capital may be approved to cover documented working capital requirements of any business eligible for assistance.
8. Adequate security is a fundamental requirement for all loan applications. Fixed assets and/or working capital loan facilities will be secured with the most senior lien position available on land, buildings, capital equipment, inventory, accounts receivable, and other business assets.

Personal guarantees from the principals of the project company will also be a mandatory requirement for all loan applications.

PRE-APPLICATION PROCEDURES

The City's Community Development Planner, Planning Department Administrator, and City Attorney work with local businesses to develop and review formal loan applications and to make recommendations to the Saratoga Springs City Council regarding loan approval or disapproval.

Loan applicants must submit a pre-application letter indicating their interest, a nonrefundable \$250 application fee, and the following documentation (if applicable) to the Office of Community Development:

1. A description of total project cost from start-up to completion and operating costs of any new or renovated facility. Costs should be broken down into equipment, working capital, construction, etc.
2. Commitment letters or explanation of other financing sources for total project costs.
3. Description of current status of ownership demonstrating site control. Status of site plan approvals needed from local boards.
4. Implementation and construction schedule from start-up through completion and operation.

5. Number and type of jobs to be created by initial project over the next five years and identification of the number or percentage of jobs that would be held by, or made available to, LMI persons. This percentage must be equal to, or greater than, 51% of the new jobs.

The applicant must provide job descriptions, information on job training programs and the intended hiring process and description of actions which will be taken to give LMI persons first priority in filling jobs, and any other information required by OCD.

6. Dollar value and brief description of contracts already committed for production and a three-year projection of contracts expected.
7. Description of products to be assembled/manufactured or services to be provided.
8. An indication of how this loan would be utilized as part of the total project costs (e.g. equipment purchase, working capital, and construction).

All information provided with the loan applications will be maintained in a strictly confidential manner.

APPLICATION LOAN REVIEW AND DECISION PROCESS

1. City staff will evaluate loan applications and make recommendations to the City Council.
2. Staff will assess loan applications based on the following criteria:
 - Credit worthiness
 - Project feasibility
 - Adherence to federal employment and program requirements
 - Job creation potential
 - Eligible use of loan funds
 - Adequate loan security
 - Proof of financial commitment

OCD will provide the City Council with an assessment of the application's adherence to federal program requirements and eligible use of loan funds.

3. OCD will then prepare an advisory report for the Saratoga Springs City Council recommending one of the following actions:
 - Approve the loan application as submitted
 - Approve with special modifications or loan covenants
 - Deny the loan application
4. The Saratoga Springs City Council will consider the OCD recommendation at one of their regular meetings or any special meeting called for that specific purpose. Although the case file is confidential, the proposed terms for each loan are considered public information and will be voted on in open, public session. The City Council will review each completed application and OCD report, and by majority vote will determine if the applicant's loan is to be approved or denied. All

decisions by the City Council are final.

The application development and review process will normally be completed in approximately 60 days.

LOAN ADMINISTRATION PROCEDURES

After the applicant's loan has been approved by the City Council, the City's Office of Community Development will finalize all necessary City paperwork.

1. The applicant will be required to sign a legal loan agreement with the City of Saratoga Springs. This agreement will state the total principal amount of the loan, the interest rate, the repayment schedule, and identify all conditions of the procedures for events of default by the borrower.
2. Unless expressly stated otherwise, the loan will require monthly payments of interest and principal, made by the borrower to a designated City account, maintained at the Adirondack Trust Company at its 473 Broadway, Saratoga Springs office.
3. Loan repayment will be structured as follows:
 - Fixed asset loan repayment will carry a term not to exceed the useful economic life of the specific circumstances related to a project.
 - Repayment schedules for working capital loans will be negotiated on a case by case basis, with amortization generally not to exceed 3-5 years.
 - Deferral of principal and/or interest payments may be considered if required by special circumstances.
 - Participation in revenue and cash flow streams, beyond the face rate of the note, may be required to compensate the Program for unusual risks or special.
4. The cost of the Program's legal work and other attendant ancillary expenses will be paid by the borrower (a charge of between 2% and 4% of the loan principal) to facilitate the loan closing. This facility fee may be a onetime charge or charged on an annual basis as determined by the City Council. Fees may be paid directly by the applicant or deducted from loan proceeds at closing. Any costs incurred by the borrower for separate legal counsel or other services in connection with loan procedures will be the sole responsibility of the borrower.

A closing will be scheduled for each project, at which time all documents will be executed including any security agreements required to protect the City of Saratoga Springs.

Funds will be advanced at the closing (if appropriate) or following this date subject to the submission by the borrower of all required documentation for stipulated or phased advances (e.g., construction loans).

MONITORING ACTIVITIES

The City of Saratoga Springs will maintain current documentation of the performance for each loan, regarding all terms and conditions imposed by the Program, as stated in the loan agreement. These may include, but are not limited to, the following conditions:

- Project development costs
- Other loan financing
- Job creation
- Information concerning household size and income of low and moderate income employees
- Notice of available jobs and required hiring procedures
- Job training

In addition to receiving payments of principal and interest on all outstanding loans, the City will collect periodic reports and other documentation as required for each project as follows:

- Financial Statements
- Employment documentation
- Records of inventory
- Aging of accounts receivable and accounts payable
- Any other relevant documentation OCD deems appropriate



CITY OF SARATOGA SPRINGS
 OFFICE OF COMMUNITY DEVELOPMENT
 _____ □ _____
 City Hall - 474 Broadway
 Saratoga Springs, New York 12866
 Tel: 518-587-3550 x.2575 fax: 518-580-9480
<http://www.saratoga-springs.org/cd>



**ECONOMIC DEVELOPMENT REVOLVING LOAN FUND
 EMPLOYMENT CREATION FORM**

The City of Saratoga Springs established the Economic Development Revolving Loan Program to stimulate job creation for residents of low- and moderate-income. The Loan Program functions to develop employment opportunities by offering low interest loans and/or loan guarantees to businesses located within the City of Saratoga Springs. The goal of the Loan Program is to create at least one such job for every \$25,000 loaned.

In accordance with application requirement #3 of the Economic Development Revolving Loan Program, a successful loan applicant must create new full-time equivalent (FTE) employment for persons of low- and moderate-income evaluated at the time of hiring. These employment positions should be available to persons with no more than a high school education and should not require previously acquired skills or training.

Loan Applicant: _____

Requested City Loan Amount: _____

Please provide the information requested below:

1. Total number of FTE positions to be created over next 5 years _____
2. Number of FTE positions created for persons of low- and moderate-income _____
3. Please identify job titles and descriptions for positions for persons of low- and moderate-income:

Position 1 - Title: _____

Description: _____

Position 2 - Title: _____

Description: _____

Position 3 - Title: _____

Description: _____

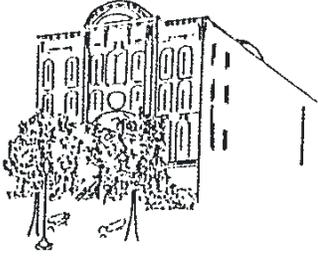
(please use back of page for additional positions, if needed)

4. Please identify the intended hiring process for persons of low- and moderate-income. Describe how you will attract and give persons of low- and moderate-income first priority in filling these new positions:

5. Please identify any job training programs that you will offer and/or employment skills to be gained by persons of low- and moderate-income from these newly created positions:

Applicant's Signature

Date



CITY OF SARATOGA SPRINGS

OFFICE OF COMMUNITY DEVELOPMENT



City Hall - 474 Broadway
Saratoga Springs, New York 12866-2296
Tel: 518-587-3550 x.2575 fax: 518-580-9480
<http://www.saratoga-springs.org/cd/>

Appl. #: _____
Date rec'd: _____ (Office use only)

ECONOMIC DEVELOPMENT REVOLVING LOAN PROGRAM

LOAN APPLICATION

Date: _____

APPLICANT: _____

ADDRESS: _____

CITY: _____ COUNTY: _____ STATE: _____ ZIP: _____

PHONE: _____ SOCIAL SECURITY #: _____

(If current business address is not within the city limits of Saratoga Springs, please attach proposed Saratoga Springs site location, with data, such as appraisal reports, lease agreements, etc.)

1. TYPE OF BUSINESS:

- Corporation
- Partnership
- Sole Proprietorship
- Date of Formation or Year Established

2. ATTORNEYS: _____

ADDRESS: _____

3. ACCOUNTANTS: _____

ADDRESS: _____

4. BANK: _____

ADDRESS: _____

ACCOUNT OFFICER: _____

TELEPHONE: _____

5. COMPANY TAX I.D. _____ 6. SIC CODE _____

<u>PROJECT REQUIREMENTS</u>	<u>AMOUNT</u>	<u>SOURCE OF FUNDS</u>	<u>AMOUNT</u>
Land & Buildings	\$ _____	Loan Program	\$ _____
Leasehold Improvements	\$ _____	Bank	\$ _____
Furniture and Equipment	\$ _____	Other Lenders (see attached)	\$ _____
Debt Restructure	\$ _____	Grant	\$ _____
Working Capital	\$ _____	Equity	\$ _____
Other (attachments)	\$ _____		
TOTAL:	\$ _____	TOTAL:	\$ _____

8. PLEASE INDICATE THE SOURCE OF THE EQUITY DOLLARS TO THE PROJECT:

<u>9. NATURE OF THE BUSINESS</u>	<u>10. MARKET AREA</u>	<u>11. TYPE OF PRODUCT/ SERVICE</u>
() Industrial	() Local	_____
() Wholesale	() Regional	_____
() Service	() National	_____
() Other	() International	_____

12. BUSINESS LOCATIONS/DESCRIPTION

Own _____ Rent _____ Rental Amount \$ _____

Building Size _____ Age of Structure _____

13. EMPLOYMENT

Present Number of Employees: _____

Projected New Employees (for years 1 – 5) _____

Type of Jobs: _____

14. LIST 3 MAJOR CUSTOMERS – NAME, ADDRESS AND TELEPHONE

LIST 3 MAJOR SUPPLIERS – NAME, ADDRESS AND TELEPHONE

16. PLEASE INDICATE THE COLLATERAL BEING OFFERED TO THE LOAN PROGRAM AND OTHER LENDERS TO THE PROJECT TO SECURE THE LOAN (S).

17. Property Description: _____

Location: _____

Date Acquired: _____

Original Mortgage: _____

Current Balance: _____

Monthly
Mortgage Amount: _____

Equipment & Furniture Description _____

Date Acquired: _____

Cost: _____

Remaining Balance: _____

17. PLEASE ATTACH INTERIM FINANCIAL STATEMENTS, NO OLDER THAN 90 DAYS

INCLUDE 3 MOST RECENT ANNUAL FINANCIAL STATEMENTS.

18. LIST PROJECTED MONTHLY EARNINGS OR CASH FLOW PROJECTIONS FOR THE NEXT 12 MONTHS.

19. DEBT SCHEDULE

<u>Lender</u>	<u>Amount</u>	<u>Maturity Date</u>	<u>Principal Amounts Due In One Year</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

20. HAVE ANY FUNDS BEEN EXPENDED TO DATE ON THE PROJECT FOR WHICH THIS APPLICATION IS BEING MADE?

() Yes () No If yes, list expenditures and related information (dates, purpose, payee, etc.)

21. IS THE COMPANY PRESENTLY INVOLVED IN ANY LITIGATION, WHICH WOULD HAVE A MATERIAL EFFECT ON THE COMPANY SOLVENCY?

() Yes () No If yes, please give an explanation.

22. HAS THE COMPANY OR ANY OF ITS MANAGEMENT TEAM OR AFFILIATES, OR ANY OTHER CONCERN WITH WHICH SUCH MANAGEMENT HAS BEEN CONNECTED, EVER BEEN INVOLVED IN BANKRUPTCY, CREDITORS RIGHTS, OR RECEIVERSHIP PROCEEDING OR SOUGHT PROTECTION FROM CREDITORS? () Yes () No If yes, please give explanation.

23. HAVE THE MANAGEMENT OR PRINCIPAL STOCKHOLDERS OF THE COMPANY EVER BEEN CHARGED WITH OR CONVICTED OF ANY FELONIES OR MISDEMEANORS OTHER THAN MINOR TRAFFIC VIOLATIONS?

() Yes () No If yes, please give explanation.

A LOAN WILL NOT BE REFUSED SOLELY BECAUSE OF PRIOR CONVICTIONS, AND THIS INFORMATION IS REQUESTED ONLY FOR THE PURPOSE OF EVALUATING THE BUSINESS REPUTATION OF THE COMPANY AND ITS PRINCIPALS, AS REQUIRED BY LAW.

24. PLEASE IDENTIFY ALL PRINCIPALS WHO HAVE A 20% OR GREATER INTEREST IN YOUR BUSINESS.

(Name)

(Address)

(Name)

(Address)

(Name)

(Address)

(Name)

(Address)

FOR YOURSELF AND FOR EACH PRINCIPAL LISTED ABOVE, PLEASE FILL OUT AND RETURN A PERSONAL FINANCIAL STATEMENT (ATTACHED) AND SINGLE REPORT CONTRACT (ALSO ATTACHED). ALL INFORMATION CONTAINED IN THESE FINANCIAL STATEMENTS WILL BE HELD IN THE STRICTEST CONFIDENCE. ADDITIONAL FORMS ARE AVAILABLE FROM THE OFFICE OF COMMUNITY DEVELOPMENT OR SARATOGA ECONOMIC DEVELOPMENT CORPORATION.

THE APPLICANT HEREBY CERTIFIES THAT ALL THE INFORMATION PROVIDED WITH THIS APPLICATION IS TRUE AND COMPLETE. PERMISSION IS ALSO GRANTED TO THE CITY OF SARATOGA SPRINGS ECONOMIC DEVELOPMENT REVOLVING LOAN PROGRAM, TO REQUEST FURTHER DATA, CHECK REFERENCES, MAKE INQUIRIES, VERIFY CONTENT AND INSPECT THE PREMISIES, IN THE COURSE OF EVALUATION OF THIS APPLICATION.

NAME OF APPLICANT _____

BY: _____

TITLE: _____

APPLICATION AND CONTRACT FOR SINGLE REPORT

The undersigned petitions ICS, Inc. for the use of its services upon the basis outlined below, and if accepted by said ICS, Inc. as a non-member user of service, agrees that the following shall constitute the service contract between the Requester and the ICS, Inc.. Request is hereby made to furnish the Requester a credit report on the following:

NAME _____ SS# _____

ADDRESS _____ DOB ____/____/____

PREV ADDRESS _____

PURPOSE FOR REPORT IS securing credit through City of Saratoga Springs Residential Rehabilitation Loan Program that user of said report will not use report for any other purpose, and that said purpose is in compliance with section 604 of public law 91-508 (FAIR CREDIT REPORTING ACT)

THE REQUESTER AGREES:

To adhere to all provision of Public Law 91-508 (Fair Credit Reporting Act) copy available upon request, and other applicable state and federal statutes. Willful failure to comply is punishable under the FCRA and any person who knowingly and willfully obtains information on a consumer from a consumer reporting agency under false pretenses shall be fined under Title 18 of the United States Code or imprisoned not more than 2 years or both.

That at the time of request for information or credit report is made the REQUESTOR will certify as set forth below the purpose of the report, which shall be only when the requester intends to use the information for a permissible purpose.

That at the time a request for information or credit report is made of ICS, Inc. for EMPLOYMENT PURPOSES it will comply with ss604 of the FCRA: specifically each time such a report is requested, the Requester will certify the following: (1) the consumer has been given a clear and conspicuous written notice in advance (in a document that consists solely of the disclosure) that a consumer report may be requested for employment purposes: (2) the consumer has authorized the requester, in writing, to procure the report: (3) the information in the consumer report will not be used in violation of any applicable federal or state equal employment law or regulation: (4) before taking adverse action, in whole or in part on the report, requester will provide the consumer a copy of the report and a description of the consumer’s rights under the FCRA.

THAT INFORMATION IS BEING ACQUIRED ONLY FOR THE REQUESTER’S EXCLUSIVE USE

To hold in strict confidence all information received from ICS, Inc., and in case the disclosure of such information leads to any claims or litigation, to hold ICS, Inc. harmless from any liability or damages resulting therefrom. ICS, Inc. shall not be liable in any manner whatsoever from any loss or injury to requester resulting from the obtaining or furnishing of such information and shall not be deemed to have guaranteed the accuracy of such information, such information being based, however, upon report obtained from sources considered by the Credit Bureau to be reliable.

THE CREDIT BUREAU AGREES:

To furnish all available pertinent information on the subject of this inquiry, including but not limited to: identifying information, credit history, employment and public record information in file; such information being furnished at the special request of Requester, as evidence by the signature of this application.

IN WITNESS OF MY/OUR CONSENT AND AGREEMENT TO THE MATTERS STATED ABOVE, I/WE HAVE SUBSCRIBED OUR SIGNATURES BELOW.

REQUESTER Lindsey A. Connors SIGNATURE _____ DATE _____

ADDRESS Saratoga Springs Office of Community Development, City Hall – 474 Broadway, Saratoga Springs, NY 12866

AUTHORIZATION AND CERTIFICATION OF CONSUMER

I the undersigned give permission for the above requester to receive a copy of my credit history given for the purpose of securing credit, and authorize ICS, Inc. to make a complete investigation of me, and to furnish to the requester reports based thereupon. I release ICS, Inc. from all liability arising from this investigation.

Customer Name: _____ Signature: _____ Date: _____