

# **CITY OF OLEAN**

## **COMMERCIAL PROPERTY IMPROVEMENT PROGRAM**

### **Guidelines and Application**

## SECTION 1. GENERAL

1.1 Objectives. The Commercial Property Improvement Program (CPIP) has been designed to provide financial incentives for commercial business and 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 (with owner permission) and business owners in the form of low-interest loans/grants for commercial/business improvement projects. The Olean Commercial Loan Fund Committee (OCLFC) will review all applications and make recommendation to the Olean Common Council for final approval.

1.3 Target Areas. While all commercial properties in the City are eligible to receive financing assistance under the Program, priority will be given to assisting retail oriented businesses located in the City's Downtown Business District.

## 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.

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) Any other improvements deemed appropriate for commercial space improvement by the OCLFC.

\*\*\* Inventory and/or working capital is not eligible.

2.2 Eligible Applicants. Eligible applicants include owners of commercial buildings and business owners (with owner permission to renovate/rehabilitate the property) within the target area described in Section 1.3.

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 requested finance assistance is less than \$5,000.

3.2 Maximum Amount of Assistance. The City's participation in loans/grants to be provided under this Program may not exceed \$30,000 for each project assisted. Up to 20% of the financing approved may be provided in the form of a deferred loan.

### SECTION 4. LENDING POLICIES

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

4.2 Interest Rate. The current interest rate charged for approved loans is prime rate fixed at time of loan origination.

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 OCLFC. 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 in the Program Application Form. The OCLFC 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 OCLFC 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 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;
- (f) Prepare written report to the City of Olean Common Council summarizing the review process and providing recommendations as appropriate.

5.4 Loan Review Committee. The OCLFC will review loan applications and either recommend approval or denial to the City of Olean Common Council. No loan application may be presented to the City of Olean Common Council without analysis and recommendation(s) by the OCLFC.

5.5 Loan Approval. The OCLFC 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 OCLFC.

5.6 Loan Denial.

- (a) Loan applications may be denied by the OCLFC 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 OCLFC 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 OCLFC 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 OCLFC'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, the term of the loan, the terms of repayment, and the expiration date of the commitment.
- (b) The required use of the funds.

- (c) Any other conditions of participation in the program and disbursement of the 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.
- (f) A listing of any special conditions or requirements of the borrower that must be fulfilled prior to a 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 Application Processing Fee. Upon approval a 1% application processing fee (minimum \$150) will be due at closing.

6.3 Loan Closings. The City Attorney or his/her designee shall have the responsibility to prepare and/or require the preparation of all appropriate closing documents. The City 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 Attorney.

6.4 Security. The City Attorney shall be responsible for preparing all of the Program's required security interests including, where appropriate, and not limited to: the execution of security agreements, 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 OCLFC 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 Attorney for further action.

7.2 Adjustment of Terms and Conditions. Request(s) 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 interest of the Program. Request(s) will be processed in accordance with the following:

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

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

7.3.1 Compliance Monitoring. The Department of Community Development 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 OCLFC 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.

*CITY OF OLEAN*

Commercial Property Improvement 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.

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## PART 2. PROJECT INFORMATION

Summary Project Description: \_\_\_\_\_

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### Project Costs

Construction/Renovation	\$ _____
Machinery / Materials	\$ _____
Furnishings / Fixtures	\$ _____
Total	\$ _____

### Sources of Funds

Private Financing	\$ _____
Public (other than CPIP)	\$ _____
Private Equity	\$ _____
Other	\$ _____
Subtotal	\$ _____
CPIP Funds	\$ _____
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.);
- Cash flow projections
- Details regarding other project financing including status of other loan applications, terms, conditions, and



