

BUSINESS EXPANSION PROGRAM

PROGRAM GOAL

The goal of this program is to provide existing businesses and non-profit organizations with funding for business expansion including building renovation, additions to existing buildings, equipment purchase, business diversification and relocation assistance.

FINANCING

The funding source for this program is through Lincoln City Economic Development funds. Funds are subject to availability of annual funding. This program can only provide funds for future work; not refinancing of completed work.

Loan amount requested determines some program requirements. Please see the following varied requirements and fees for each range of requested loan amount:

\$1,000 - \$2,500 Loan Amount (Tier 1 Loan)	
Interest Rate	0%
Payback Term	4 Years
Private Contribution of Total Project Cost	Waived
Monthly Servicing Fee	\$12
Deposit toward Loan Processing Fees (ex. Credit Report, etc.)	Waived
Collateral Type	Personal Guarantee

\$2,501 - \$25,000 Loan Amount (Tier 2 Loan)	
Interest Rate	1.5% (Fixed)
Payback Term	6 Years
Private Contribution of Total Project Cost	10%
Monthly Servicing Fee	\$12
Deposit toward Loan Processing Fees (ex. Credit Report, Title Report, etc.)	\$300 (Non-Refundable)
Collateral Type	Business Assets & Personal Property

\$25,001 - \$75,000 Loan Amount (Tier 3 Loan)	
Interest Rate	2% (Fixed)
Payback Term	10 Years
Private Contribution of Total Project Cost	15%
Monthly Servicing Fee	\$12
Deposit toward Loan Processing Fees (ex. Credit Report, Title Report, etc.)	\$500 (Non-Refundable)
Collateral Type	Business Assets & Personal Property
Job Creation/Retention Requirement	For <u>loans of \$50,000 or more</u> - applicant <u>must</u> show evidence that this Business Expansion Loan will create a high probability of adding or retaining staff.

ELIGIBILITY

- Eligible activities: including, but not limited to, business expansion including building renovation, additions to existing buildings, equipment purchase, essential furnishing, business diversification, relocation assistance and improvements which enhance the pedestrian environment.
- Ineligible activities: including, but not limited to, working capital, refinancing of existing debt, security systems, personal property, inventory, billboards, and credit card debt.

APPLICATION PROCESS

1. Forms are available online (www.LincolnCity.org) and in the Lincoln City Economic Development Office, City Hall, 801 SW Highway 101, Room 350. Submit completed pre-application form to the Economic Development Office. City staff will initially determine when a pre-application is substantially complete and meets the program objectives. Completed applications will include in part:
 - pre-application form
 - requested loan amount
 - evidence of property and/or business ownership
 - property equity information
 - preliminary design drawings
 - itemized cost estimates from suppliers or licensed contractor, as applicable
 - description of business expansion plan, including intended staffing objectives
 - intended staffing objectives
 - estimated project completion time
2. Pre-application is forwarded to the Outside Loan Officer who will request preliminary title reports, credit reports, and appraisals or will perform alternative procedures to determine credit worthiness of the applicant for the proposed project. The applicant must demonstrate the ability to repay the loan in a timely manner and may be asked to provide the following information to the Outside Loan Officer:
 - Business Plan or detailed description of your business
 - Breakdown of use of funds for the project
 - Personal financial statements
 - Resumes of business owner
 - Business income statement and balance sheet for past 3 years
 - Projected Income Statements
3. Outside Loan Officer provides summarized financial information about the applicant's ability to repay the loan to City staff to include in the application packet for the City Loan and Grant Committee (Committee) to review. The request is issued an anonymous loan number.
4. Application packet is presented to the Committee to determine whether the project meets the mission and purpose of the Business Expansion Program and for tentative approval to process. The Committee, at its discretion, may consider other conditions or building appurtenances.
5. If the Committee recommends approval, the application packet is sent to City Council for final approval. In certain circumstances, the City Council may authorize a higher loan amount. After project completion, the project may be made publicly known to help market the program.

CONDITIONS AND CONSIDERATIONS

1. City Council shall have the sole authority to approve an application to receive City Economic Development funds.
2. The borrower must demonstrate the ability to repay the loan in a timely manner.
3. Processing and closing fees are paid by the borrower and not included in the loan amount, unless otherwise noted.
4. The bank loan is to be a construction-type loan. Funds are disbursed as work is completed and verified.
5. Equipment purchase or construction must begin within twelve months and completed within eighteen months of City Council approval.
6. Repayment begins after first draw request, with payments based on entire loan amount.
7. Loan cancellation and repayment occur if borrower fails to comply with the conditions of the loan. Penalties may apply.
8. Applicants must be current with all applicable taxes, licenses and fees.
9. For improvements to real property, where not currently available, the plan must meet American with Disabilities Act compliance for accessibility from at least one entrance at street level.
10. Note is due upon refinancing or sale of the business or property as applicable.
11. Before any funds are distributed, loan applicant must obtain all necessary approvals including those from Lincoln City Planning and Public Works Departments.

COLLECTION POLICY

Delinquencies, collection procedures, and foreclosures will be in accordance with procedures of all participating financial partners.



For more information, please contact the
Lincoln City Economic Development Office
at 541-996-1095