

# TOWN OF SCHROON BUSINESS REVOLVING LOAN FUND PROGRAM DESIGN AND GUIDELINES

## Goals of the Town of Schroon Business Revolving Loan Program

This Business Revolving Loan Program has been developed to help the community achieve the following goals:

1. To strengthen the commercial base in the area by stabilizing existing businesses and attracting new ones.
2. To create new and retain existing jobs.
3. To stimulate new private investment within the community.

Every project must address one or more of the program goals.

## Eligible Applicants

All commercial businesses in the Town of Schroon are eligible for assistance through the program. Existing businesses and new businesses must be current with applicable property taxes. In addition, all corporations and LLC's must be in good standing with New York State Franchise laws. If building renovations are part of the project, business property must meet building code requirements at the conclusion of project activities. Projects must be in conformance with the local land use and zoning ordinance. A current business **plan will** be required **and applicants must** demonstrate an inability to obtain financing from a commercial lender.

## Use of Funds

The following is a partial list of eligible loan uses:

1. Equipment purchase
2. Inventory enhancement
3. Property acquisition
4. Interior display units and fixtures
5. Display lighting
6. Interior design and remodeling
7. Advertising and promotion
8. Exterior improvements (if undertaken in conjunction with other activities)
9. Cash flow
10. Professional fees

This list is given only as an example.

## Loan Criteria and Priorities

Each loan will be reviewed on a case-by-case basis. The intent of the program is to improve the area's business climate and to create job opportunities. Loans will be made which will have the greatest positive impact on the community. These impacts include attracting new businesses, retaining existing businesses, and creating job opportunities.

Specific loan review criteria and priorities are as follows:

- Businesses must be located within the Town of Schroon
- Retail/commercial businesses
- Jobs created or retained
- Financial need demonstrated
- Quality of business plan, likelihood of success, and impact of project
- Private funds leveraged
- Contribution to the economic growth of the area
- Enhance quality of life
- Proof that bank will not provide the required financing

## Loan Terms and Requirements

1. **Maximum Loan** - \$50,000 per business for eligible project activities.  
**Minimum Loan** - \$5,000.
2. **Interest Rate** - The portion from the revolving loan fund will be fixed at 5.0%. Participating bank interest rates will vary on a case-by-case basis according to financial condition. Interest rates of the loan fund will also be subject to changing conditions in the private financial market and may be amended by the Town Board. However, it is anticipated that the rate will be lower than normal business loans.
3. **Loan Term** - Loans will have flexible terms dependent upon the type of project financed. Loans for permanent working capital will have terms up to five years. Loans for equipment will have terms to seven years. Loans involving real estate purchase may have a maximum of 15 years.
4. **Security** - All loans must be collateralized.
5. **Code Requirements** - If rehabilitation is a part of the project, the building must meet local and state codes upon project completion. In all other cases, buildings assisted must meet local codes at the time of loan closing and throughout the term of the loan.
6. **Job Creation** - Preference will be given to projects that create and/or retain employment.
7. **Tax Obligations** - For applicants who are property owners, all local and county taxes must be current at the time of loan approval and be kept current during the term of the loan. Failure to keep taxes current may cause the loan to become due and payable in full if the property is used as collateral.

8. Rehabilitation Work - projects involving work on historic buildings may require a review by the New York State Historic Preservation Office. The review may involve the review and approval of project building plans.
9. Closing Fees - All closing and legal fees must be paid by the applicant and may be included as part of the total project cost.
10. Refinancing Existing Debt - No funds may be used to refinance existing debt.
11. Confidentiality - Assistance provided may be subject to public disclosure, however, all financial information will be kept confidential.
12. Business Plan -A current business plan will be required at the time of application.

### Loan Applications

For start-up businesses (those in operation for less than one year), the following information is required:

1. Business Plan
2. Personal Tax Return
3. Monthly Cash Flow Projection for one year
4. Lists of customers and suppliers
5. Bank and Trade references
6. Personal Financial Statements for principals
7. Resumes of Principals
8. Proposed collateral
9. Copies of permits and licenses necessary for the business. Any other information as needed.

For existing businesses, the following information is required:

1. Business Plan summary
2. Financial Statements for the business
3. Business Tax Returns (two years)
4. Personal Tax Returns for principals (one year)
5. Monthly cash flow projections for one year
6. Projected Profit and Loss Statement
7. Lists of customers and suppliers
8. Bank and Trade references
9. Personal Financial Statements for principals and resumes of principals
10. Proposed collateral
11. Copies of permits and licenses or authorizations required to operate the business

### Application Fee

A non-refundable application fee of \$50 must accompany the application.