

TOWN OF SCHROON
BUSINESS REVOLVING LOAN FUND

Program Design and Guidelines

Application for Assistance.

No decision can be made until all information requested is provided along with the \$50.00 non-refundable application fee payable to the Town of Schroon Revolving Loan Fund.

For confidentiality purposes, please return the application, the \$50.00 fee, and all documents in a sealed envelope. Address the envelope as follows:

Town of Schroon Revolving Loan Fund Committee

CONFIDENTIAL

C/O Schroon Lake Town Hall

PO Box 578

Schroon Lake, NY 12870

[Home](#)

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.
4. To benefit the Town of Schroon

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

Eligible Applicants

The Town of Schroon and/or 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:

Town of Schroon governmental facilities or:

- 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

Limited to available funds for Town of Schroon or up to:

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.

Loan Application Review and Approval

Initial applications will first receive a completeness and eligibility review by the Loan Committee. This initial review accomplishes three objectives: it allows the committee to compare the loan request with the program objectives and goals; it provides an early decision regarding the need to proceed with an intensive review; and, it provides a forum for a consensus regarding the viability of the application. The Loan Committee will determine the following by consensus:

1. The need for additional information
2. Decision to proceed to a complete review
3. Rejection of the application

Receipt of the application will be acknowledged in writing within seven (7) days. Notice of the action taken by the Loan Committee during the initial review will be given to the applicant within ten (10) business days after the Loan Committee meeting.

After a favorable initial review, the Loan Committee will schedule a site visit. The Committee will review all required documentation including, but not limited to, business and personal credit histories, the business plan, market analysis and cash flow projections, individual and business tax returns and financial statements, and personal financial statements.

Following the review, the Loan Committee will make the final decision regarding the loan request. The Committee may modify the loan and include conditions for approval. The Loan Committee will decide by simple majority (of those members present) on loan requests.

Loan Commitments

Upon approval of the loan, the Loan Committee will notify the applicant and the Town Board in writing. The notice to the applicant will list the terms and conditions of the approval. Loan commitments will be issued within five (5) business days of approval and will be open for a period of 45 calendar days unless extended by the Loan Committee in writing.

Loan Rejection

In the event that the loan request is declined, the applicant will be so notified within ten (10) business days after the Loan Committee meeting.

Marketing

The Town Board will be responsible for implementing strategies for marketing the Loan Program. These may include but will not be limited to the following:

- Newspaper advertisement

- Development and distribution of brochures
- Request for referrals from the Essex County Industrial Development Agency
- Request for referrals from the SUNY Plattsburgh Small Business Development Center
- Request for referrals from the Schroon Lake Chamber of Commerce
- Request for referrals from local banks

Loan Committee

The loan committee will make the final decision regarding all loans. The Town Board appoints the Loan Committee whose members will serve two-year terms and may be reappointed. In the event that a committee member's term is set to expire and no successor has been appointed by the Town Board, the member will continue to serve until the Town Board acts on the vacancy. The Loan Committee consists of at least five members and should include representation from the following sectors: banking, business owners, former borrowers, and attorneys. Three members present constitute a quorum.

Two alternate members of the Loan Committee may be appointed. The alternate members may sit as voting members of the Loan Committee at any meeting in which one or more of the regular members are unable to attend. In the event that a Loan Committee member is absent and not excused for three consecutive meetings, the Chairman may make a recommendation that the Town Board remove the member and appoint a new one.

The Loan Committee will determine the schedule for meetings. The Loan Committee members shall elect a Chairperson. The Chairperson is responsible for calling the meeting to order, determining the presence of a quorum, ensuring that minutes will be recorded, and conducting and adjourning the meeting. After the presentation of all necessary and appropriate information and after sufficient time is allowed for discussion, the Loan Committee shall vote on each loan. Voting will be made upon motion and second by the Committee members. Minutes of all Loan Committee meetings will be recorded, mailed to all committee members and kept by the Town Clerk in the Town Hall. The Town Clerk will also keep all files and application materials in the Town Hall.

Loan Closings

Most loan closings will utilize standardized documents and closing procedures. Exceptions may be made when appropriate. The standard forms and documents are found in Appendix A. The costs of closing the loans, including legal fees, will be borne by the borrower and payment will be made prior to the loan closing.

Post Approval Requirements

Loan recipients will report the number of jobs created and funds leveraged in a manner as required by the Loan Committee.

Loan servicing will be established to maintain a good payment discipline. The Loan Committee will visit each new borrower frequently during the first year. After a good payment history is established visits can be reduced in frequency. The Loan Committee may visit each project after the first year. Financial Statements will continue to be submitted on an annual basis or as requested by the Loan Committee.

A bank will be appointed by the Town Board to perform loan servicing.

The Loan Committee will periodically review the status of the entire portfolio. The review may include a consideration of:

- Loan volume
- Number of jobs created
- Cost per job created
- Default rates
- Delinquency rates
- Terms, maturities, and interest rates
- Capital available for lending
- Audit

A report of the portfolio will be given to the Town Board no less than semiannually in a manner and form as may be required by the Town Board.

Town of Schroon Business
Revolving Loan Fund

A. Applicant Information

1. Applicant name: _____
2. Business structure (Corporation, partnership, LLC, Sole proprietor) _____

3. Date business was established: _____
4. Tax identification number: _____
5. Is the applicant a subsidiary or direct or indirect affiliate of any other organization? _____ If yes, name and address of organization and relationship: _____
6. If applicant name is the business, please list all principals involved in the business and their titles:
 - a. _____
 - b. _____
 - c. _____
 - d. _____

7. Name of principal to contact regarding the application: _____
8. Contact phone number: _____
9. Please attach resumes of each principal actively engaged in management, and label as Schedule A.
10. Have any of the principals declared bankruptcy in the past 10 years? _____
If yes, explain _____

11. Are any of the principals currently involved in any litigation?
If yes, explain _____

12. Attach a history and business plan for the company, including significant developments in operations and financial condition. Include the number of persons currently employed. Please label this narrative as Schedule B.

B. Loan Information

1. Amount of loan requested: _____
2. Loan term requested: _____
3. Purpose of loan: _____
4. Anticipated source of repayment: _____
5. Total cost of project: _____
6. Collateral offered: _____
7. Explain how this project will contribute to the three goals of the Town of Schroon Business Revolving Loan Fund. Please label this description as **Schedule C**.

C. Proposed Project Information

1. Describe the project in detail, identifying the objectives of the project in terms of production, sales, earnings and employment. Explain why financial assistance is necessary and appropriate. Please label this description as **Schedule D**.
2. Provide cost estimates and/or vendor quotes for construction activities, machinery or equipment purchases or capital improvements to be made. Please label these quotes as **Schedule E**.

D. Financial Information

1. Please attach most current quarterly business financial statements and business federal tax returns for the most recent two years. Label as **Schedule F**.
2. Please attach most current year's personal federal tax returns and a personal financial statement including all personal assets, liabilities, income and expense for each principal. Label as **Schedule G**.
3. Attach monthly cash flow projection for one year, and projected profit and loss statement for one year, labeling as **Schedule H**.
4. Please attach copy of the bank declination, labeling as **Schedule I**.
5. Please list three trade references, including name, address and phone numbers:
 - a. _____
 - b. _____
 - c. _____
6. Please state bank reference for business, including contact name, address and phone number:

7. Please list your three major customers, if applicable:
 - a. _____
 - b. _____
 - c. _____
8. Please list your three major suppliers:
 - a. _____
 - b. _____
 - c. _____
9. Please describe any additional sources of funding related to this request, and label this attachment as **Schedule J**.

E. Feasibility Information

1. Please provide information on any and all feasibility issues, including but not limited to required permits, environmental issues and zoning. Label as **Schedule K**.

2. Attach completed Corporate Resolution and Release of Credit **Information** Consent Form.
3. Provide copies of permits, licenses or authorizations required to operate the business, labeling as **Schedule L**.
4. Attach receipts for most recent paid town and county and school taxes for business, labeling as **Schedule M**.
5. If building improvement is part of the project, please attach current Certificate of Occupancy, labeling as **Schedule N**.
6. Provide proof of required insurance, including but not limited to hazard, life, flood, workers comp. Label as **Schedule O**.

F. Certification of Applicant

By signing below, I acknowledge that the information contained in this application, including all schedules and attachments, are true and complete.

| | | |
|-----------|-------|------|
| Signature | Title | Date |
|-----------|-------|------|

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|-----------|-------|------|
| Signature | Title | Date |
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