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Economic Development/Revolving Loan Program



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**Greenville County Redevelopment Authority
301 University Ridge, Suite 2500
Greenville, SC 29601
(864)242-9801**

Website: www.greenvillecounty.org/redevelopment

**Mr. Martin Livingston, AICP
Todd Yeomans, Chairman**

Economic Development and Revolving Loan Fund Plan

Greenville County Redevelopment Authority CDBG- R program

Section I. DESCRIPTION

The Greenville County Redevelopment Authority - Economic Development and Revolving Loan Fund (ED & RLF) is currently funded under the American Recovery and Reinvestment Act of 2009. The goal of this program is to spur economic development activities and promote opportunities for employment in the communities. The program shall provide funds to small existing and emerging businesses located in the five participating municipalities, Greer, Fountain Inn, Mauldin, Simpsonville and Travelers Rest and the commercial corridors of the unincorporated areas of Greenville County, outside the City limits of Greenville. The program shall be available on September 30, 2009. All funds must be expended by September 30, 2012.

1) **Use of funds:**

The funds are made available via the Stimulus Program from Community Development Block Grant – Recovery (CDBG-R). The fund will be used to establish an economic development and revolving loan fund (RLF) in Greenville County. The loan program shall provide financial assistance to applicants within the guidelines of this revolving loan fund plan.

2) **Amount of Funding Allocation:**

The Redevelopment Authority has committed a total of \$363,950 of the CDBG-R stimulus funding to establish an Economic Development and Revolving Loan Program in Greenville County. This fund shall be made available to eligible and qualified applicants for start up or existing businesses located in the central business districts in the Cities of Greer, Travelers Rest, Mauldin, Simpsonville and Fountain Inn and as wells the commercial corridors of the unincorporated areas in the County, outside of the Greenville City limits.

3) **Proposed Loan program**

The proposed program shall provide a minimum loan amount of \$5,000 and a maximum of \$25,000 per business/applicant. The repayment period shall not exceed seven years with proposed interest rates ranging from 3 to 5 percent. The loan repayment maybe deferred for the first two years; payments on these accounts shall begin on the third year and for the duration of the amortized period. The program is estimated to provide financial assistance for up to 15 businesses in the County.

The proposed loan can be used as a gap fund or 100 percent financed based on needs assessments of applicants if other resources are not available. Applicants requiring more than \$25,000 will be reviewed on a case by case base. This request must be approved by GCRA Board members.

Section II. ED & RLF Loan Process

1. Marketing/Outreach process

The Redevelopment Authority shall market the program with a kick off/application workshop after September 30, 2009. Notices and publication of the program shall be advertised on Newspaper, e-mails, fliers and Radio stations. The kickoff training shall provide opportunity for GCRA staff to provide necessary information and marketing tools to potential applicants. The application intake, approval and expected outcomes are explained at the workshop.

2. Application process

- i. A non-refundable application fee of \$100.00 is required from all applicants at the time of submission. All applications are reviewed and approved in order of their submission. Only complete applications with supporting documentations are forwarded to the advisory committee for approval. Applicants with incomplete application are informed of their deficiencies.
- ii. Applicants are required to attend a Business/Financial training session(s) with approved GCRA provider. A minimum of 10 hour training is required for eligibility of the fund.
- iii. Staff of GCRA reviews applications for completeness and prepares a loan profile for the loan advisory Committee. Credit report of applicant is obtained from the Credit Bureau.
- iv. Copies of applications located within the five municipalities are sent to the municipal representatives to obtain comments and recommendations of the proposed business request. This is to ensure consistency and compliance to municipal zoning and master plan for the area.
- v. All applications are reviewed and approved by the Redevelopment Authority loan advisory committee. The loan advisory committee will meet once a month to approve loan applications.
- vi. Applicants are notified of the Advisory committee decision. Closings of all loans are conducted by GCRA Attorney. All appropriate documents will be signed and recorded.

- vii. A criminal history from the State Law Enforcement Division (SLED) will also be obtained. Applicants for the loan program will not be considered if they have been convicted of drug distribution over the past five years.

3. Application Review documentation

- i. A copy of at least two year lease agreement with landlord or proof of property ownership is required.
- ii. Additional sources of funds shall be identified with commitment or letter of interest from the agencies/institutions.
- iii. Financial/bank statements
- iv. Business plan, market study and feasibility report.
- v. Budget – sources and uses
- vi. Completed application form.
- vii. All information on the application will be subject to verification including employment, income, property ownership, lease agreement etc. All information will be confidential, and will be used only for the purpose of determining eligibility for a revolving loan.

4. Business/Financial Management Training sessions:

The training/workshop must be provided by an approved Agency. The Redevelopment Agency shall provide applicants with approved agency listing. Certificate of completion of the business/financial management training shall be obtained from the counseling agency. A minimum of 8 hour training session is required. It is recommended that the workshops provide entrepreneurs with critical evaluation tools and action steps needed to maximize the growth and profitability of their businesses. Typical topics consist of the following:

i. New Businesses

- What it takes to start a business.
- Business feasibility & Personal finance Evaluation
- How to write a business plan
- Researching your market...how to find information
- **Setting your three-year vision** - A series of activities through which you will discover where your business is today and where you want to be in three years.
- **Taking a snapshot of your business** - A process to determine what stage of development your business is in today (concept, start-up, growth, maturity, innovation or decline) and what stage you want it to be in three years from now.

- **Evaluating where you are in the planning process** - Assess what plans are or are not in place (feasibility plan, business plan, strategic plan, operational plan) and how they can be adjusted or created to maximize your company's success.
- **Translating your goals into action steps** - Nail down the actions and resources that your company needs to reach its three-year vision.

Additional financial topics to be addressed at the training/ workshops are as follows:

- Defining accounts on financial statements
 - Analyzing financial statements
 - Using ratio analysis to assess financial performance
 - Measuring and financing working capital needs
 - Conducting break-even analysis
 - Identifying sources of financing and structuring financial packages
 - Selecting accountants and bankers
 - Analyzing the operating cycle
 - Measuring permanent working capital needs
 - Projecting and financing permanent working capital.
 - Calculating dept capacity
 - Selecting and qualifying for the right financing
- ii. **Existing Businesses:** Training sessions shall be tailored towards the applicant's specific needs. The applicant may be granted waiver from the required 8 hour training session. However, a minimum of four hour session will be required.

Section III. PROGRAM REQUIREMENT

1. Eligible Activities

- i. Acquisition and development of land, easements, and rights-of-way.
- ii. Construction, conversion, enlargement, repairs or modernization of buildings (including facade repairs), plants machinery, equipment, access streets and roads, parking areas, utilities, and pollution control and abatement facilities.
- iii. Loans for startup operating cost and working capital, however, this must be part of improvement cost to the property.
- iv. Technical assistance for private business enterprises.

- v. All appliances and equipments purchased for the business must be energy efficient to conserve energy.
- vi. All improvement to the property must promote energy conservation.
- vii. Funds must help to preserve and create new jobs.
- viii. Quarterly and Annual reports will be required from successful applicants.

2. Ineligible Activities

The following are prohibited activities

- i. sexually oriented business
- ii. Video poker machines or comparable gaming devices capable of being used for gaming activity.
- iii. Entertainment establishments without approval from the City and also the Board of Zoning Appeals as required by City Ordinance.
- iv. Gambling establishments.
- v. Swimming pools.
- vi. Zoos.
- vii. Aquariums.
- viii. Golf courses.

3. Additional Items:

Applicants for ED & RLF will be accepted on a continual basis. Applicants that choose to apply in times when adequate funds exist, will be informed of the lack of funds. Applications will be reviewed and funded (if eligible) based on the following criteria:

- i. Applications with the greatest anticipated economic impact for the community and assisting those impacted by recession shall receive the greatest priority. Criteria to be considered in determining economic impact includes number of jobs created or saved (part time or full time), wage scale of employees, benefits paid to employees.

- ii. Applications that will benefit low and moderate income persons shall be given a higher priority. Applicants should plan to save or create Jobs for low and moderate income persons.
 - iii. In accordance with Federal law and the U.S. Department of Housing and Urban Development, the Loan Committees will not discriminate on the basis of race, color, national origin, sex, religion, age, disability, or marital or family status.
 - iv. The Loan Committees will be responsible for determining priorities of application to be funded. Staff shall conduct completeness review of the application within 15 days of the receipt of an application. Applicants with incomplete application are notified of deficiencies. **Complete application located within a municipal boundary is forwarded to the municipality's economic development representative for comments and approval.** If application is approved by the municipality, it is scheduled on the next Revolving Loan Committee meeting agenda for approval. Decisions on complete applications are obtained within 45 days of submission.
 - v. All approved applicants will be required to submit to GCRA staff, a biannual and annual progress and financial reports.
- 4. Conflict of Interest Requirement:**
 Consistent with HUD regulations regarding conflict of interest, Greenville County Council members, Municipal representatives, Greenville County Redevelopment Authority Board and staff members are prohibited from gaining or benefiting financially from any program administered by GCRA, either directly or indirectly. Other elected officials in Greenville County or its municipalities may be eligible for assistance under the programs administered by GCRA provided prior approval is obtained from HUD and the appropriate governing body.

Section IV. LIMITATIONS ON LOANS

- i. The loan funds will not be used to produce agriculture products through growing, cultivation, and harvesting either directly or through horizontally integrated livestock operations except for commercial nurseries, timber operations, or limited agricultural production related to technical assistance projects.
- ii. The loan funds will not be used to finance comprehensive area-wide type planning.

- iii. The loan funds will not be used to fund a part of a project which is dependent on other funding unless there is a firm commitment of the other funding to ensure completion of the project.
- iv. Loans will not be made unless there is a reasonable prospect that the applicant meets the definition of “small and emerging private business enterprises” defined as “any private business that will employ 50 or fewer new employees and has less than \$1 million in projected gross revenues.
- v. At least 51 percent of the outstanding interest in the applicant must be owned by those who are either citizens of the United States after being legally admitted for permanent residence.

Section V. OTHER LENDING CRITERIA

- i. Loans made from the ED & RLF typically will not be less than \$5,000 and not more than \$25,000. The GCRA Advisory Loan Committee may authorize loans smaller than \$5,000 or more than \$25,000 on a case by case basis. Loans greater than \$25,000 will be approved by a majority of the Operations Committee and ratified by the Board.
- ii. Loans can be amortized over the lesser of five years or the life of the security. The Loan Committee shall determine the term and limit the amount of secured and unsecured approved loans.
- iii. The interest rate will typically range from 3-5% and typically will not exceed prime 5%. The GCRA Loan Advisory Committee will determine the rate.
- iv. Security shall consist of the best lien available on real estate, equipment, inventory, etc. The discounted value of the security (using typical lender discount rates) shall equal or exceed the value of the loan. The Loan Committee may require personal guarantees and/or co-signors.
- v. There must be evidence presented by the applicant that indicates the ED & RLF loan is necessary to make the proposed project feasible.
- vi. ED & RLF loan funds will not be used to pay off any previous debt.
- vii. If the business relocates outside of the County of Greenville and or to the City Limits of Greenville, the GCRA Committee may require immediate pay off of the loan.

- viii. The proposed project/loan application must be submitted to the City's Economic Development representative for comments if property is located within the Cities of Fountain Inn, Greer, Mauldin, Simpsonville and Travelers Rest.
- ix. UCC and lien search fees, filing security documents, filing legal documents fees, etc.) shall be the responsibility of the applicant. The Loan Committee may waive or amend this fee structure.

Section VI – PAYMENTS

- i. **Disbursement of Funds:**
For loans less than \$10,000, funds will be disbursed to the applicant in a lump sum payment at the time of closing. For loan funds in excess of \$10,000, payment shall be in at least in two installments. The second disbursement shall be upon satisfactorily completion of the required work.
- ii. **Loan Payment:** Loans are serviced by the Redevelopment Authority. Instructions will be given at the time of closing as to how and where payments are to be made. The loan payments for the first two years of the life of the loan shall be deferred. Payment shall be required from the third year through the amortized period of the loan.
- iii. **Default/Delinquency in payments:**
In cases where there are unforeseen circumstances or emergencies, the Executive Director, or his/her designee, is authorized to take appropriate action as necessary to protect the Redevelopment Authority's interest on any properties that may be involved in foreclosures. This authority shall include the authorization to bid as feasible on properties to recoup outstanding loan proceeds. A report of any delinquency account shall be reported to the GCRA Delinquent Accounts Committee.

Complete applications and supporting documents should be mailed or submitted to the following address:

**Greenville County Redevelopment Authority
301 University Ridge, Suite 2500
Greenville, SC 29607**

**Attention: Martin Livingston, Jr.
Executive Director**

For information, regarding the Economic Development and Revolving Loan program, the following GCRA staff should be contacted.

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