

# **Oswego County Micro-Enterprise Loan Program**

**County of Oswego Industrial  
Development Agency**

44 W. Bridge St.  
Oswego, NY 13126  
(315) 343-1545

10/07

# **MICRO-ENTERPRISE LOAN PROGRAM**

## **Loan Review Criteria**

The Micro-Enterprise Loan Program (MELP) is designed to accomplish certain specific goals and objectives in order to enhance the County's overall economic well-being and to foster the creation and retention of job opportunities for the County's citizens.

### **GOALS AND OBJECTIVES**

The primary goals and objectives of the Program are:

- (1) To create new employment opportunities for people meeting HUD low-mod income criteria through the expansion of existing or the creation of new small businesses;
- (2) To retain existing employment opportunities;
- (3) To increase the County's tax base;
- (4) To help diversify the County's economic base;
- (5) To provide essential services or businesses generally lacking in the County;
- (6) To improve the quality of life in Oswego County.

Projects will be funded on a first come-first served basis. Applicants must be graduates of a Micro-Enterprise Training Course offered through Oswego County's MEP or through the City of Oswego or City of Fulton MEP. In order to be eligible for a Micro-Enterprise loan, the total number of employees of the business must be less than five (5) including owners.

### **CREDIT WORTHINESS**

The applicant must be current on real property taxes, all mortgage payments, federal and state tax obligations and all other debts. Revolving loans (i.e., credit cards) must be a manageable size and be receiving sufficient payments. The borrower must be free from any unsatisfied judgments or other claims which interfere with the lender's rights in the collateral.

Non-compliance with any of the above will be considered an appropriate reason for loan refusal. The applicant will, however, have the opportunity to correct any of the above problems. Substantial non-compliance, however, will show a lack of credit worthiness and could be deemed a reason for loan refusal.

### **PROJECT FEASIBILITY / BUSINESS PLAN**

The applicant must provide information to the IDA concerning the feasibility of the project as well as its business plan. The feasibility of all areas of the project will be examined to include, but not to be limited to, the following: income projections, profit projections, and job projections. Questions with regard to the feasibility of a project will be considered an appropriate reason for loan refusal. The Program Administrator will provide assistance to the applicant in developing a business plan and a feasible project, if at all possible.

### **JOB OPPORTUNITIES**

The MELP expects that this loan will result in jobs for people meeting HUD low-mod income criteria. However, inability of a project to meet this goal will not constitute automatic refusal of the loan request. The IDA and the MELP Administrator will review each loan application on an individual basis to identify other aspects of the project which may be desirable and which meet other goals and objectives of the Program as previously described.

The loan applicant is encouraged to provide, to the greatest extent possible, opportunities for employment to lower income residents of the County and contracts for work to be performed with loan proceeds by businesses or persons which are located in the County. The IDA encourages to the fullest extent possible the hiring of local labor for all construction projects.

### **ENVIRONMENTAL COMPLIANCE**

The applicant must complete the Short Environmental Assessment Form that is included with the application. Based upon the review of the Short Environmental Assessment Form, the applicant may have to complete the Long Form in order to comply with the New York State Environmental Quality Review Act (SEQRA). If SEQRA action has been taken relative to this project by another agency or municipality, a copy should be provided.

### **ELIGIBLE USE OF LOAN PROCEEDS**

In terms of priority, as identified by the IDA and the Program Administrator, loan proceeds may be used for the following:

- (1) purchase of machinery and/or equipment;
- \* (2) renovations and/or additions to facilities;
- (3) inventory;
- (4) working capital;
- (5) Start-up costs.

**\*NOTE:** Renovation costs can be included only if client can afford to pay HUD required Davis-Bacon wages to construction workers. Weekly Certified Payroll Reports regarding compliance with provisions of Davis-Bacon prevailing wages will be required.

*Housing projects are not eligible for financing assistance.*

### **SECURITY**

All loans will be secured. Security will be in real property, assets of a business and/or assets of the business owners. Additionally, loans will be secured by the equipment or materials purchased with the loan proceeds. Security in the form of account receivables may, in some instances, be used as collateral as well. The IDA will determine what shall serve as collateral on each loan. Personal guarantees are required from all principals that own 20% or more of the business.

### **PROOF OF FINANCIAL COMMITMENT**

In reviewing the applicant's request, the IDA will address the availability of firm financial commitments for the non-MELP portion of the project, if any. Applicants will be requested to provide the Program Administrator information on the financing commitment of the non-IDA Loan Program portion of the project, if any, including source, dollar amount, rate, term, annual payment and collateral.

### **TERMS AND CONDITIONS**

The term of the loan shall be one to five years. Loan Amount shall be \$3,000 to \$25,000.

The IDA may increase the term of the loan under unusual conditions, and the applicant may pre-pay the loan without penalty.

Interest rates will be fixed for the term of the loan. The rate of interest will be equal to Prime – 2 (with a minimum of 4%) and set at the time of approval by the IDA. Repayment, principal and interest, will be on monthly installments and will be made directly to the County of Oswego Industrial Development Agency.

Each loan's terms and conditions will be reviewed to insure an adequate return on investment is possible and that sufficient cash flow is available to permit the project to be successful. Consequently, the IDA will retain a certain degree of flexibility and may deviate from the guidelines outlined when circumstances merit it.

### **NEED**

All projects must demonstrate a need for financing.

The need will be shown in the form of a simple business plan going over such items as project sales and income, cash flow, management experience, job creation, cost of building and equipment, utilities and overhead, etc.

## MICRO-ENTERPRISE LOAN PROGRAM APPLICATION FORM

	<b>DATE:</b>			
<b>1.</b>	<b>Company Legal Name:</b>			
	<b>Address:</b>			
	<b>City, State, Zip:</b>			
	<b>Telephone:</b>		<b>Fax:</b>	
	<b>Contact Person:</b>			
<b>2.</b>	<b>Employer I.D. No:</b> If none, Social Security No.:			
<b>3.</b>	<b>Legal Counsel:</b>			
	<b>Address:</b>			
	<b>Telephone:</b>		<b>Fax:</b>	
<b>4.</b>	<b>Accountant:</b>			
	<b>Address:</b>			
	<b>Telephone:</b>		<b>Fax:</b>	
<b>5.</b>	<b>Business Form:</b>			
	<b>Corporation:</b>		<b>Year Incorporated:</b>	
	<b>Partnership:</b>		<b>Year Formed:</b>	
	<b>Sole Proprietorship:</b>		<b>Year Established:</b>	

<b>6.</b>	<b>Type of Business: (Describe products produced, services provided, etc.)</b>	
	<b>S.I.C. CODE:</b> (Standard Industrial Classification)	

<b>7.</b>	<b>Employment:</b>	<b>Current number:</b> (Include owner, if applicable)	
		<b>Projected number:</b>	

<b>8.</b>	<b>Project Costs &amp; Description:</b>
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Equipment:	Description	Amount
Machinery:	Description	Amount
Inventory:	Description	Amount
Working Capital:	Description	Amount
Renovation:	Description	Amount
Start-Up Costs:	Description	Amount
Other:	Description	Amount
<b>TOTAL COSTS:</b>		

**Micro-Enterprise Loan Program  
Loan Application - Page 3**

<b>9.</b>	<b>Debt Financing Sources:</b>	Identify all sources of financing that will be used for this project, excluding the MELP request.
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<b>Lender:</b>	<b>Amount:</b>	<b>Term:</b>	<b>Interest Rate:</b>	<b>Lien Position:</b>
<b>Purpose:</b>				
<b>Collateral:</b>				

<b>Lender:</b>	<b>Amount:</b>	<b>Term:</b>	<b>Interest Rate:</b>	<b>Lien Position:</b>
<b>Purpose:</b>				
<b>Collateral:</b>				

<b>10.</b>	<b>Equity Sources:</b>	Identify all sources of equity to be invested in the project
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Source	Amount	Purpose

<b>11.</b>	<b>Micro-Enterprise Loan Request</b>
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Amount	Purpose	Collateral (estimate the value)
<b>Term (years):</b>		<b>Interest Rate (%)</b> (Prime-1, min. 6%):

**MICRO-ENTERPRISE COURSE – GRADUATION DATE:** \_\_\_\_\_.  
(Attach copy of Graduation Certificate)

**Are you within HUD’s Low/Mod Income Guidelines:** \_\_\_\_\_.  
(Attach copy of household income tax returns for the previous year)

## 12. ENVIRONMENTAL ASSESSMENT (SHORT FORM)

State Environmental Quality Review for UNLISTED ACTIONS Only.

### PART I Project information (To be completed by Applicant or Project sponsor)

<b>1. Applicant/Sponsor:</b>						
<b>2. Project Name:</b>						
<b>3. Project Location.</b>	<b>Municipality:</b>				<b>County:</b>	Oswego
<b>4. Is proposed action</b>	<b>New:</b>		<b>Expansion:</b>		<b>Modify/Alteration:</b>	
<b>5. Describe project briefly:</b>						
<b>6. Precise location (road intersections, prominent landmarks, etc. or provide map):</b>						
<b>7. Amount of land affected:</b>	<b>Initially _____ acres</b>		<b>Ultimately _____ acres</b>			
<b>8. Will proposed action comply with existing zoning or other existing land use restrictions?</b>					<b>Yes _____</b>	<b>No _____.</b>
<b>If no, describe briefly:</b>						
<b>9. What is present land use in vicinity of project?</b>			<b>Residential _____</b>	<b>Industrial _____.</b>		
<b>Commercial _____</b>		<b>Agriculture _____</b>	<b>Park land/open space _____</b>		<b>Other _____.</b>	
<b>10. Does action involve a permit/approval or funding now or ultimately from any other governmental agency (Federal, state or local)?</b>						
<b>YES:</b>		<b>NO:</b>		<b>If yes, list agency(s) and permit/approvals:</b>		
<b>11. Does any aspect of the action have a currently valid permit or approval?</b>						
<b>YES:</b>		<b>NO:</b>		<b>If yes, list agency and permit/approval type:</b>		
<b>12. As result of proposed action, will existing permit/approval require modification?</b>				<b>YES:</b>		<b>NO:</b>
<b>I CERTIFY THAT THE INFORMATION PROVIDED ABOVE IS TRUE TO THE BEST OF MY KNOWLEDGE</b>						
Applicant/sponsor name: _____ Date: _____.						
Signature: _____.						

### **13. AGREEMENTS**

- (a) I/We agree that if the IDA approves this loan application, I/We will not, for at least two years, hire as an employee or consultant anyone that was a member of the IDA during the one-year period prior to the disbursement of the loan.
- (b) I/We agree that the project will adhere to all local, state and federal air and water pollution standards.
- (c) I/We agree that I/we will obtain required Flood Hazard Insurance.
- (d) I/We agree to submit annual financial reports to the County of Oswego IDA and/or, if specifically requested, I/we agree to submit quarterly or semi-annual financial reports.
- (e) I/We agree that verification of any information contained herein or to be provided in support of this loan request may be obtained and a formal credit check may be undertaken by any source deemed appropriate by the IDA.
- (f) I/We agree to abide by all State and Federal regulations regarding employment.
- (g) I/We agree to work with the appropriate agencies in recruiting and hiring for new employees and I/we agree to that at least 51% of all new job openings will be made available to low/moderate income persons as defined by HUD.

### **14. CERTIFICATIONS**

- (a) I/We certify all information in this Application and Exhibits are true and complete to the best of my/our knowledge and is submitted to the IDA so the IDA can decide whether to participate in a loan to me/us.
- (b) I/We give the assurance that I/we will comply with Section 112 and 113 of Volume 13 of the Code of Federal Regulations. These Code Sections prohibit discrimination on the grounds of race, color, sex, religion, marital status, handicap, age, or national origin. These requirements are applicable to anyone who buys or takes control of the business. I/We realize that if I/we do not comply with these non-discrimination requirements the IDA can call, terminate, or accelerate repayment on my/our loan.
- (c) I/We certify that facilities under its ownership, lease or supervision, which will be utilized in the accomplishment of the project or services financed by the IDA are not listed on the Environmental Protection Agency's (EPA) list of violating facilities, pursuant to Section 15.20 of 40CFR, Part 15.

### **15. AUTHORIZATIONS, COMPLIANCES AND WAIVERS**

- (a) I/We authorize disclosure of all information submitted in connection with this application to the financial institution agreeing to participate in the loan.
- (b) As consideration for any Management and Technical Assistance that may be provided, I/we waive all claims against the IDA and its consultants.
- (c) I/We realize that if I/we do not comply with these Agreements and Certification, the IDA can call, terminate, or accelerate repayment on my/our loan.

## 16. CLOSING AGREEMENT AND CERTIFICATION

- (a) I/We agree to pay all reasonable closing costs associated with the IDA loan including general counsel of the IDA. Closing costs will be detailed prior to loan closing. The applicant agrees to pay an administrative and processing fee of *at least one percent (1%) of the loan proceeds* at the time of closing. In addition, the applicant also agrees to pay an *application fee of Fifty Dollars (\$50.00)* to be made payable to the County of Oswego Industrial Development Agency with the submission of this application.
- (b) I/We understand that this is not a legally binding document for purposes of receipt of loan monies. The loan request may be withdrawn at any time prior to formal closing of the loan. However, I/we understand that the initial application fee is non-refundable, that any legal costs incurred up to the point of withdrawal are the responsibility of the applicant, and that the applicant is submitting this application in good faith as a request for financial assistance. This application is for informational and analysis purposes only and shall not be construed as a loan agreement or commitment to enter into a loan agreement.

\_\_\_\_\_  
Date of Application

\_\_\_\_\_  
Signature of Applicant

\_\_\_\_\_  
Title of Applicant

### Required Supporting Information for Loan Request:

The following is a list of information in support of a business's loan request. The applicant should note that this list may not be all inclusive and additional information can and will be requested at the option of the IDA. Should you have any questions concerning these requests, please contact the County of Oswego IDA at (315) 343-1545 or 44 W. Bridge St., Oswego, NY 13126.

- \_\_\_ 1. Personal Financial Statement;
- \_\_\_ 2. Previous year's Federal Income Tax Forms with all Schedules Attached;
- \_\_\_ 3. Financial Statements of the business for the past two years;
- \_\_\_ 4. Credit Review Authorization;
- \_\_\_ 5. Completed Business Plan;
- \_\_\_ 6. Twelve-month Cash Flow Statement including the proposed debt service;
- \_\_\_ 7. DBA Business Certificate;
- \_\_\_ 8. List of Credit References;
- \_\_\_ 9. Completed and signed application with application fee (\$50.00);
- \_\_\_ 10. Resume of management.
- \_\_\_ 11. Micro-Enterprise Course Graduation Certificate

***Assistance can be provided on developing a business plan from the Small Business Development Center by calling (315) 312-5696.***