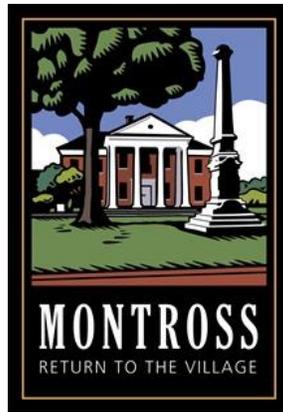




Town of Montross



Business Development Incentive Programs

Program Details and Application

Town of Montross Business Development Incentive Programs

The Town's Commitment to Economic Growth

The Town of Montross is committed to growing and strengthening our community.

Managed economic growth is a key component of a sustainable local economy. Our goals of reducing vacant building within the town limits, creating local jobs, and encouraging citizens to view Montross as a safe downtown walking district where one can shop, dine, enjoy entertainment, and find local services such as legal offices, medical care, real estate agents postal services and more are all outcomes of the Town's revitalization efforts several years ago. This vision is outlined and supported through community surveys in 2018 Comprehensive Plan.

The Town of Montross offers two programs to encourage and assist new businesses in opening or relocating to Montross and assist existing businesses in modernizing or expanding their operations.

1. Montross Revolving Loan Program.

Prospective owners and current businesses can borrow up to \$35,000 at 3% interest on a ten (10) year repayment schedule. For loan program application and requirements, see the Business Loan Application attached to this document.

2. Business Rent Assistance Program (new or relocating).

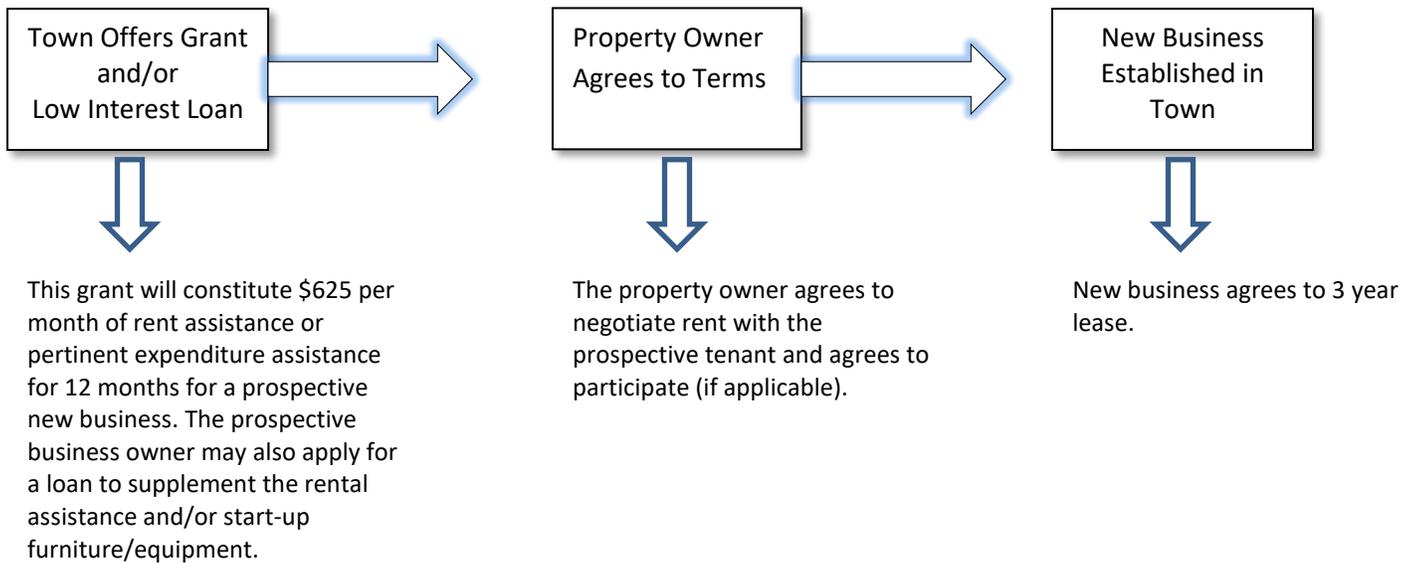
Montross is offering a forgivable grant of up to \$625.00 per month (\$7,500/year) to a prospective business applicant seeking to locate (rent, lease, or purchase) within the Town limits.

Conditions of the Rent Assistance Program: In order to subsidize the cost of rent for one (1) year for a vacant business property in Town, or to assist in capital expenditures that are directly related to the daily operations and functions of the new business, the business entity must sign on to a negotiated three (3) years lease with a property owner. The property owner is encouraged to only charge rental for the first year of the Town's grant amount (\$7,500).

The Business Rent Assistance Program is a forgivable grant, not to be confused with a loan or a "straight" grant program. If the recipient of the Business Rent Assistance Program defaults either by closing their business prior to or fails to fulfill the 3-year lease agreement; the Town may hold the recipient liable for refunding monies paid by the town for rent assistance and for any expenditures or legal fees due to breach of contract. Once the recipient has fulfilled the grant requirements the recipient will be "forgiven" and no longer held liable for repayment of rent paid, fees and expenses.

Business Development Program

The program will require applications from prospective business owners for the Town Rent Assistance Program. The Town Council and Town Manager, after an objective review process, can then award two (2) business grant(s) per year that will subsidize rent for one (1) year, creating a reduced rent location for a new establishment within the Town, or to be used towards pertinent business expenditures (reimbursement based). The parameters of the grant are as follows:



3. For the Town Manager – To make an applicant’s recommendation to the Town Council, the Town Manager, at her discretion, may elect to interview the applicant. The purpose would be to obtain additional information not contained in the application and/or clarification of any item of the application.

To promote the Town’s incentive for rapid business development, strict banking grant/loan requirements will not be used for approval. The Town Manager and Town Council will decide an acceptable risk level.

Montross is an equal opportunity community. Decisions on awarding or disapproval of loan and forgivable grant monies will not be based on favoritism, race, ethnic background, or religious affiliation.

Outcome of the Program

The Town Council and Town Manager feel strongly that these financial incentives working in tandem will accelerate business growth in the Town of Montross. We see a benefit to both landlord and tenant and additionally to the entire business community and citizenry by reducing vacant buildings and producing local employment within the town for job seekers of all ages.

SUPPLEMENTAL COMMENTS AND QUESTIONS

15. What is the physical location of the business?

16. What is the Primary Function / Purpose of the Business?
Please attach a business plan.

17. In what ways do you think this will benefit the Town of Montross?

18. How do you plan to initially fund your operation (besides the grant and/or loan from the Town of Montross)?

19. How do you plan to fund your operation after the grant funds and/or loan have been utilized?

20. Please attach proof of collateral. Assets used as collateral may include cash, land, buildings, or equipment.

ACKNOWLEDGMENTS

Do you acknowledge the following (Circle Yes or No):

- a) That you must sign a Three (3) Year Lease? YES/NO
- b) That any Breach of Contract will result in financial restitution to the Town of Montross? YES/NO

The Grant Fund Advisory Board may waive or request additional information at its discretion.

The applicant is reminded that this application shall be considered public record of the Town of Montross.

_____ I am the authorized agent (Please initial)

I declare to the best of my knowledge that the information in this application is complete and accurate. I certify that the requested grant is for business purpose only and will be spent for the use described above in this application. I authorize the Town of Montross to check my credit history.

Applicant Name

Signature of Applicant

Date

BUSINESS LOAN APPLICATION



Town of Montross
15869 Kings Highway, P.O. Box 126
Montross VA 22520
Phone: 804-493-9623, Fax: 804-493-9036

Date: _____

Name of Business: _____

Address: _____

Contact Person: _____

Phone Number: _____ Email: _____

Type of Business (circle one): Sole proprietorship / Partnership / Sub-chapter S Corp. / C Corporation

Nature / Line of Business: _____

Key Owners / Officers

Name: _____ Title: _____

Address: _____

Length of time in business: _____ Time under current management: _____

Owner's cash or other equity invested: _____

Loan Request

1. Amount of loan: _____ 2. Type of loan: Term loan – Ten years 3. Interest rate: 3%

Declaration

I declare to the best of my knowledge that the information in this application is complete and accurate. I certify that the requested loan is for a business purpose only, and will be spent for the use described above in this application. I authorize the Town of Montross to check my credit history.

(Applicant name)

Signature of Applicant

Date

BUSINESS LOAN APPLICATION

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LOAN POLICIES

TYPE OF FINANCING & INTEREST RATE

The type of financing is fixed-asset financing. The interest rate will be set by the Revolving Loan Fund Advisory Board at the time of closing. The interest rate can be set at any rate between 3% and six points below the prime rate, with 3% being the lowest rate available. It is anticipated that most loans will be at the 3% rate.

TERMS

One fulltime-equivalent (FTE) job must be created or retained for every \$35,000 loaned, a job being filled by LMI individuals. This may include the loan applicant. Jobs must be created and filled before final administrative closeout of the program by DHCD. Part time employees may be hired under this program. In this case, each part-time employee will be counted as one-half of a FTE and qualified as LMI based upon household income.

The term of the loan cannot exceed ten (10) years. Scheduled amortization shall not exceed ten (10) years. The borrower must have an equity interest in the business or building and provide adequate marketable collateral to secure the loan. Collateral may include first or second lien positions or a deed of trust on assets financed. At the discretion of the Revolving Loan Fund Advisory Board, other forms of marketable collateral (including marketable stocks or bonds, US Government securities, letters of credit) may be considered if the value of the marketable collateral is sufficient to protect the interest of the Town and State throughout the term of the loan. The loan must be repaid on a monthly basis over the ten-year term. There is no prepayment penalty.

The borrower of program funds is required to execute a legally binding agreement with the Town. The Revolving Loan Fund Advisory Board will require the borrower to provide appropriate assurances that the loan proceeds are expended as proposed.

The owner of a building may apply for a loan under this program and assume responsibility for the amount of jobs to be created within the grant period. If at the end of the initial grant period the actual number and type of jobs created does not meet those required under the terms of the loan, then the building owner must immediately refund the amount of the loan, or the outstanding balance, not covered by qualified jobs.

The Virginia Employment Commission or other authorized organization will review all job applicants and keep a record of all jobs created under this program. This will be accomplished at no cost to either the employer or the prospective employee.

AMOUNT

The minimum loan amount is \$10,000 and the maximum loan amount is \$35,000 per individual business. Building owners may apply for a loan for each business or projected business within their building. There is no maximum amount a building owner may qualify for, but the advisory board must review the loan application to ensure that the jobs being created are realistic.

USES

Allowable uses of funds which are received from the revolving loan fund are for building and land acquisition, leasehold and site improvements, new construction and rehabilitation costs, purchase of fixtures, machinery, and equipment and associated installation costs.

BUSINESS LOAN APPLICATION

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ELIGIBILITY REQUIREMENTS

Any new or existing commercial business or building owner locating and/or expanding in the project area may apply for a loan through the Revolving Loan Fund, subject to eligibility requirements.

The Eligibility Requirements for the Revolving Loan Fund:

1. Provide proof that the business or building is located and has a permanent physical address in project area. Provide proof that it is not the borrower's place of residence.
2. Provide proof of collateral. Assets used as collateral may include cash, land, buildings, or equipment. Proof of hazard insurance in sufficient amount to protect the collateralized asset may also be required.
3. Provide proof of equity interest in business or building.
4. Provide a business plan.
5. Demonstrate that one fulltime-equivalent job will be created or retained for every \$35,000 borrowed from the Revolving Loan Fund.
6. Provide verification of employment of LMI individual(s). The Virginia Employment Commission or other authorized organization will screen, qualify, and record all job applicants for this program.
7. Provide self-certified, household-income eligibility documentation of LMI employee(s). An LMI employee must meet the following HUD Low Income Limits: The adjusted gross family income for the previous year cannot exceed 80% of the area median income by family size as issued annually by the U.S. Department of Housing and Urban Development (HUD)*. The maximum income limits are revised annually as income levels are released by HUD.
 - a. For the purpose of this Revolving Loan Fund program, annual income is defined as all income from any source during the 12-month period prior to the employment date.
 - b. Income inclusions are: wages and salaries, overtime pay, commissions, fees, tips and bonuses, paid alimony, child support, regular contributions received from persons not residing in the employees household, interest and dividends, periodic payments from social security, SSI benefit, annuities, insurance policies, retirement funds, pensions, lotteries, unemployment, workers compensation, severance pay, welfare, food stamps, aid to dependent children and other sources of public assistance.
 - c. Income exclusions are: Income from employment of children under the age of 18 years, foster care payments, medical reimbursements, income of a live-in aid, student financial assistance paid directly to the student or educational institution, military "hostile fire pay" or "imminent danger pay", qualified training payments, temporary, non-recurring or sporadic income, disabled PASS, one-time gifts, and housing-assistance payments.

COSTS & FEES

Application, credit-report costs, origination fees, and closing costs will be charged to the borrower. Applicants are responsible for loan closing costs and settlement fees.

NON-DISCRIMINATION

In the Revolving Loan Fund Program, there will be no discrimination on basis of race, color, religion, national origin, sex (including sexual orientation), marital status, disability, or age in any of its policies, procedures, or practices.

APPLICATION PROCESS AND DOCUMENTATION

The Town of Montross will accept applications from eligible businesses or building owners on a first-come, first-served basis. At the Town's discretion, submission of applications for assistance may be limited to certain windows of time (rounds of funding). The Revolving Loan Fund Program will apply all procedures in a uniform manner. No applicant or employee will be asked for additional information based on age, race, color, religion, sex (including sexual orientation),

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handicap, familial status or national origin. The program will be implemented to assure consistent and equitable assistance to all program participants.

Completed applications and required documentation will be reviewed by the Revolving Loan Fund Advisory Board. Following approval of the loan application by the Revolving Loan Fund Advisory Board, the Board will make a recommendation for the Town to prepare the necessary loan contract documents.

Any remaining funds not loaned out at the time of final administrative close-out of the Town's CDBG project will be returned to the funding agency. However, the Revolving Loan Fund may continue when program income becomes available (generated through the recapture or repayment of loan), or if new sources of funding become available to the Town of Montross.

All loan applications must be submitted with complete documentation of eligibility. Applications must be made on the form provided by the Town and must be signed by all the business owners. The application submission must include the following items in order to be considered. The Revolving Loan Fund Advisory Board may waive or request additional information at its discretion.

Information Which May be Required from Applicants:

1. Completed and signed application
 - a. Loan Request Worksheet
 - b. Personal Financial Statements
 - c. Credit Authorization Form
 - d. Tax Returns (two fiscal years)
 - e. Balance Sheet, Profit & Loss Statement, (AP & AR for current 90-day period)
 - f. Disclosure Statement(s)
 - g. Business Lease/deed
2. Current three-year business plan and management resumes
3. Current eighteen month financial projections (including P&L, cash flow, owner compensation)
4. Personal credit report (as appropriate)
5. Three business references
6. Copy of collateral offered & current market value (title, deed, security paper, etc.)
7. Statement indicating what the loan will be used for.