

INTRODUCED: April 23, 2018

AN ORDINANCE No. 2018-132

To authorize the Chief Administrative Officer, for and on behalf of the City of Richmond, to enter into the Twenty-Second Commercial Area Revitalization Effort Program Cooperation Agreement between the City of Richmond and the Economic Development Authority of the City of Richmond for the purpose of providing for the operation of the Commercial Area Revitalization Effort (“CARE”) Program.

\_\_\_\_\_  
Patron – Mayor Stoney

\_\_\_\_\_  
Approved as to form and legality  
by the City Attorney  
\_\_\_\_\_

PUBLIC HEARING: MAY 29 2018 AT 6 P.M.

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That the Chief Administrative Officer, for and on behalf of the City of Richmond, be and is hereby authorized to enter into the Twenty-Second Commercial Area Revitalization Effort Program Cooperation Agreement between the City of Richmond and the Economic Development Authority of the City of Richmond for the purpose of providing for the operation of the Commercial Area Revitalization Effort (“CARE”) Program. Such Agreement shall be approved as to form by the City Attorney and shall be substantially in the form of the document attached to this ordinance.

AYES:            7            NOES:            0            ABSTAIN: \_\_\_\_\_

ADOPTED:    MAY 29 2018    REJECTED: \_\_\_\_\_    STRICKEN: \_\_\_\_\_

§ 2. This ordinance shall be in force and effect upon adoption.



CITY OF RICHMOND  
INTRACITY CORRESPONDENCE

MAR 20 2018  
4-7632  
Office of the  
Chief Administrative Officer

O&R REQUEST

DATE: March 9, 2018

EDITION: 1

TO: The Honorable Members of City Council

THROUGH: The Honorable Levar M. Stoney

*JS 4/14/18*

THROUGH: Selena Cuffee-Glenn, Chief Administrative Officer

THROUGH: Lenora G. Reid, Deputy Chief Administrative Officer Finance and Administration

THROUGH: John B. Wack, Director of Finance

THROUGH: Jay A. Brown, Director, Department of Budget & Strategic Planning

THROUGH: Peter L. Downey, Deputy Chief Administrative Officer Economic Development

FROM: Denise Lawus, Deputy Director II, Department of Economic and Community Development

RE: Establishing the Twenty-second Cooperation Agreement by and between the City of Richmond and the Economic Development Authority of the City of Richmond to administer the Commercial Area Revitalization Effort (CARE) Program.

ORD. OR RES. No. \_\_\_\_\_

PURPOSE: To authorize the Chief Administrative Officer to enter into the Twenty-second CARE Cooperation Agreement with the Economic Development Authority of the City of Richmond (EDA) for the purpose of administering the CARE and Extra CARE Programs.

REASON: To allow for the continuation of the CARE and Extra CARE Programs.

RECOMMENDATION: Administration recommends approval.

BACKGROUND: The Commercial Area Revitalization Effort (CARE) Program was established in 1992 by the Department of Economic Development, as a comprehensive program for revitalizing the Hull Street commercial corridor between Commerce Road and Cowardin Ave-

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OFFICE OF CITY ATTORNEY  
*3-12-18*

nue. The Program has since been expanded to twelve areas which include: Jackson Ward, North 25th Street; Brookland Park Blvd.; Hull Street; Midlothian Turnpike; Fulton Hill, Lombardy/Chamberlayne, Meadowbridge, North Avenue, Shockoe Bottom, Swansboro, Eastview/Whitcomb and newly created Jefferson Davis as CARE commercial corridors. From time to time changes are made to the CARE Program to include other incentives beyond the loan and rebate components, e.g., community development and neighborhood transformation that will stimulate job creation and assist in developing mixed-income communities.

**FISCAL IMPACT / COST:** There will be no additional cost this year to the City beyond the FY18 allocation of \$150,000.00 to the CARE and Extra CARE Programs.

**FISCAL IMPLICATIONS:** The adoption of this paper will allow the continuation of financial incentives and or loans to eligible businesses located within the designated corridors. These incentives and or loans will stimulate private investment in the respective businesses and the properties housing the businesses, increase private investment in residential, commercial and industrial properties resulting in new and retained jobs, increased residential, commercial and business taxes for the City.

**BUDGET AMENDMENT NECESSARY:** No

**REVENUE TO CITY:** Increased taxes over time.

**DESIRED EFFECTIVE DATE:** Upon adoption.

**REQUESTED INTRODUCTION DATE:** March 26, 2018

**CITY COUNCIL PUBLIC HEARING DATE:** April 9, 2018

**REQUESTED AGENDA:** Consent.

**RECOMMENDED COUNCIL COMMITTEE:** Finance and Economic Development

**CONSIDERATION BY OTHER GOVERNMENTAL ENTITIES:** The Economic Development Authority.

**AFFECTED AGENCIES:** Finance, Budget and Strategic Planning and Economic and Community Development

**RELATIONSHIP TO EXISTING ORD. OR RES.:** The proposed Ordinance will supersede Ordinance NO. 2017-114 associated with the Twenty-first CARE Cooperation Agreement.

**REQUIRED CHANGES TO WORK PROGRAM(S):** None

**ATTACHMENTS:** Twenty-second CARE Cooperation Agreement, Exhibit A Budget

O&R Request

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**STAFF:** Denise Lawus, Deputy Director II - 646-3975.

Keisha Birchett, Project Development Manager ECD - 646-3171.

**TWENTY-SECOND COMMERCIAL AREA REVITALIZATION  
EFFORT PROGRAM AGREEMENT BETWEEN  
THE CITY OF RICHMOND VIRGINIA AND  
THE ECONOMIC DEVELOPMENT AUTHORITY**

THIS TWENTY-SECOND COMMERCIAL AREA REVITALIZATION EFFORT PROGRAM COOPERATION AGREEMENT (the "Agreement") is made as of \_\_\_\_\_, 2018, by and between the **CITY OF RICHMOND, VIRGINIA**, a municipal corporation of the Commonwealth of Virginia (the "City") and the **ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND, VIRGINIA**, a political subdivision of the Commonwealth of Virginia (the "Authority"),

**RECITALS:**

**WHEREAS**, certain areas of the City are designated as Commercial Area Revitalization Effort ("CARE") areas, currently including areas of the City generally bounded by 26<sup>th</sup> Street on the west, Mayo Bridge on the east, the north side and the south side of Hull Street and the Hull Street periphery (the "Hull Street CARE Area"); Historic Jackson Ward bounded by the Richmond-Petersburg Turnpike (I-95/64) to the north, Broad Street (both sides of the Street) to South Broad including Grace Street from Foushee to 5<sup>th</sup>, 3<sup>rd</sup> Street to the east and Belvidere to the west, with emphasis on Broad Street from Belvidere to 4<sup>th</sup> and Grace Street from Foushee Street to 5<sup>th</sup> Street (the "Jackson Ward CARE Area"); North 25th Street, from Main Street to Nine Mile Road (the retail commercial areas both east and west of the North 25th Street periphery and both sides of Nine Mile Road (the "North 25th Street CARE Area"); Midlothian Turnpike bounded by East Belt Boulevard on the east and Chippenham Parkway on the west and periphery (the "Midlothian Turnpike CARE Area"); Brookland Park Boulevard from Montrose Avenue to Woodrow Avenue and North Avenue to Essex (the "Brookland Park Boulevard CARE area); North Avenue primarily from the 2400 block to Poe Street

(the "North Avenue CARE-Area"); and Government Road from Parker Street to Williamsburg Road and Williamsburg Road from Waverly Street to the City limits (the "Fulton Hill CARE Area"); Lombardy Street from Brook Road to Chamberlayne Avenue, and Chamberlayne Avenue from Mitchell Street to Brookland Park Boulevard (the "Lombardy/Chamberlayne CARE Area"); Intersection of Meadowbridge Street and Brookland Park Boulevard and periphery (the formerly "Highland Park" now Meadowbridge CARE Area"); Clopton Street on the east, 37<sup>th</sup> Street on the west, the south side of Hull Street and the north side of Hull and the periphery (the Swansboro CARE Area); Dock Street on the South, 15<sup>th</sup> Street on the West, Broad Street on the North and 23<sup>rd</sup> Street on the East and periphery (the Shockoe Bottom CARE Area); the area generally bounded on the West, I-64 on the North, Mechanicsville on the East and Whitcomb on the South and periphery (the East/Whitcomb CARE Area); and Jefferson Davis Highway from Bellemeade to Walmsley (the Jeff Davis CARE Area) individually and collectively identified hereafter as the "CARE Areas", which are older neighborhood commercial strips in need of revitalization and rehabilitation and where the existing physical deterioration impairs economic values and tax revenues of the City.

**WHEREAS**, the primary objective of the Commercial Area Revitalization Effort (the "CARE Program" or the "Program") is to improve the environment for retail business, service or other business, housing and mixed real estate uses in designated CARE areas and to provide incentives to property and business owners to improve the physical appearance of their property; and provide special incentives and funding to assist in the transformation efforts being undertaken to deconcentrate poverty in the

East end and other areas of the City. To that end, these incentives and funding may be provided to certain Nonprofit City partners to undertake selected activities.

**WHEREAS**, the City and the Authority have structured a loan and rebate program in cooperation with private lenders and property owners to stimulate commercial revitalization and the rehabilitation of properties in designated CARE Areas;

**WHEREAS**, at the City's request, the Authority has undertaken certain loan, development and rebate activities in the implementation of the CARE Program including administration of existing and future loan receivables and the closing of existing and future loan commitments pursuant to Policy Guidelines as requested by the City and established by the Authority, from time to time;

**WHEREAS**, the CARE Program operated in FY 17 with the use of previously and properly appropriated funds and with revolved funds generated by the Program;

**WHEREAS**, the City has, from time to time, appropriated funds for incentives and loans:

**WHEREAS**, the City and the Authority agree to work together to jointly implement the CARE Program; and

**NOW, THEREFORE**, in consideration of the benefits to accrue to the City and its citizens from the implementation of the Program, and of the mutual covenants hereinafter set forth, the City and the Authority agree as follows:

**1. DEFINITIONS.** The following words and terms used in this Agreement have the following meanings unless the context clearly indicates otherwise:

(a) **Agreement** shall mean this CARE Program Cooperation Agreement, as amended and restated, from time to time.



(b) **CARE Area** shall mean those areas of the City as described above or as modified by the City's Department of Economic Development and the Authority from time to time.

(c) **CARE Area Revitalization Plan** (also sometimes referred to as the "CARE PLAN" or the "Plan") shall mean the Plan developed cooperatively between merchants and the City's Department of Economic Development that describes the strategy to revitalize a CARE Area.

(d) **CARE** shall mean the incentives described herein which satisfy the conditions and requirements of this Agreement.

(e) **CARE Loan** shall mean a loan that is part of the Loan Program and that is made by and between the Authority and a borrower for the purpose of making improvements in accordance with this Agreement and the Plan.

(f) **CARE Mitigation Incentives** shall mean those incentives targeted specifically to the Shockoe Bottom CARE Area.

(g) **CARE Program** shall mean the Commercial Area Revitalization Effort Program and all activities that the City's Department of Economic and Community Development and the Authority undertake pursuant to this Agreement to implement the CARE Program as described in this Agreement.

(h) **Program Fund** shall mean that account established in accordance with this Agreement and that contains all funds from any source related to the Program.

2. **FUNDING.** The City agrees to transfer to the Authority the sum of \$150,000.00 as described in the budget which is attached hereto and made a part hereof, as Exhibit "A" to allow the Authority to implement the CARE and Extra CARE\* projects described in this Agreement in FY 2018. \*Extra CARE projects are described in the Tenth Extra

CARE Cooperation Agreement. Any expenditures of properly appropriated money, prior to the execution of this Cooperation Agreement and pursuant to the CARE program in FY 2018 are ratified hereby.

**3. CARE LOAN PROGRAM.** The Authority shall administer the loan program in accordance with the following requirements. One year after the vacancy rate among buildings in a CARE Area decreases to seven percent (7%), the CARE Program for such CARE area shall terminate.

A. Public/Private Loan Package - The Authority may finance rehabilitation projects with or without a private loan component in accordance with the Underwriting Guidelines attached hereto as Exhibit "B" and incorporated by reference.

B. CARE loans shall be in an amount not to exceed \$50,000 per qualified project and shall not exceed \$100,000 to any one applicant (which shall include an individual, partnership and/or corporation). Further, outstanding CARE loan balances are included in the \$100,000 maximum.

C. CARE loans shall be supported by an equity component of at least ten percent (10%).

D. CARE loans will be fully amortized over a term which will not exceed the useful life of the improvements.

E. CARE loans will bear interest at a rate of four percent (4.0%).

**4. CARE LEASEHOLD IMPROVEMENT LOANS.** The Authority may finance leasehold improvements to properties located in designated CARE areas. Loans and rebates are available to tenants of properties within the area who have a valid lease acceptable to the Authority. Lease options may be considered in the term of the loan

If the lease and option terms are acceptable to the Authority and aggregate no less than five (5) years. The proceeds may be used to make leasehold improvements to the interior and exterior of the property, to the mechanical systems, or to bring the property in compliance with local and state building codes. The facade of the property must meet the City's design and repair specifications to receive a loan.

The terms and conditions of the CARE Commercial Leasehold Improvement Loans are presented as follows:

- A. **Loan Amount:** The Authority may loan to qualified tenants no more than \$10,000 and no less than \$2,500.00
- B. **Financing Structure:** Minimum Tenant Contribution equivalent to 10% of improvements.
- C. **Authority Loans** will be fully amortized over a 24-month to 60-month period. The term of the loan may not exceed the useful life of the improvements or the remaining term of the lease.
- D. Authority loans will bear interest at a rate of four percent (4%).
- E. Authority loans may be secured by a deed of trust on the residence of the tenant or other security acceptable to the Authority.

**5. LOAN PACKAGE ELIGIBILITY.** The Authority agrees that it will make no CARE Loan unless it is part of the loan package described herein which meets the following criteria:

- A. No existing improvement will be financed with public money.
- B. Proposed improvements shall meet all standards and conditions set forth in the Plan.
- C. Generally, upon completion of the improvements, the property will comply with all applicable local and state laws and regulations. However, exceptions are

permitted for projects assisted with leasehold improvement loans, or for other projects agreed to, in writing, by the City.

D. Upon completion of the improvements, the facade will be restored to the standards identified in the Plan.

E. The City's Department of Economic and Community Development shall approve the character of all facade improvements.

F. The Authority when making loans pursuant to this Cooperation Agreement shall use reasonable care and standards and shall not make loans to speculative or financially unsound businesses.

**Award of Loans - Loans will be awarded on a competitive basis according to the following criteria:**

A. The extent to which the Project meets the Authority's underwriting criteria.

B. The extent of the Project's visual impact.

C. The extent to which the Project is located in close proximity to other rehabilitated properties or to properties that will be funded under this Loan Program.

D. The extent to which upper floors will be used for residential purposes upon completion of the Project.

E. The extent to which the Project eliminates the blight identified in the Plan.

F. Loans under this Program must adhere to prudent lending practices.

**Authority Records - The Authority shall keep a record of all loans including names of borrowers, loan terms and amounts, and nature of improvements funded. The City shall monitor the Authority records on an annual basis, and the Chief Administrative Officer, City Attorney, the City Auditor and their designees**

shall have access to such records during normal business hours upon reasonable notice.

**6. CARE Rebates.** CARE Rebates shall be available only to the extent that funding is available and CARE rebate assistance through the Authority and the City shall not exceed Sixteen Thousand Five Hundred Dollars (\$16,500.00) on any one eligible project and no applicant (which shall include an individual, partnership and/or corporation), shall exceed Twenty-five Thousand Dollars (\$25,000) total of rebates in a thirty-six month period. No applicant shall be eligible to receive the maximum allowable rebate amount until completion of the renovation of the commercial space and until the commercial space is tenant/business ready as evidenced by issuance of a Certificate of Occupancy. Additional restrictions may apply as noted in the application. The City's Department of Economic and Community Development staff shall review and approve rebate requests which shall include providing approved rebate checks and maintaining accounting records. Rebates are available through the CARE Program for the following purposes;

- A. Rebates For Water Service Lateral Lines And Sprinkler System. Rebates shall be available for 100% of the total actual combined costs not to exceed \$7,500, of providing any water lateral line from the tap on the street water main up to and including the meter vault for the property to serve sprinkler systems that are necessary for a proposed rehabilitation and/or the cost of installing or improving a sprinkler system or fire suppression system to meet the requirements of the Virginia Uniform Statewide Building Code. Rebates shall be available only to the extent that funding is available.
- B. Interior Rehabilitation Rebates. Rebates shall be available for up to fifty percent (50%) or \$3,000, whichever is less, of the cost of rehabilitating the interior of the property in the CARE Area.

C. Security Rebate Program. Property owners in the CARE Area are eligible for rebates up to fifty percent (50%) or \$3,000, whichever is less, of the cost of new security improvements.

D. Exterior Rehabilitation Rebates. Rebates are available to repair, restore, and improve the exteriors of blighted properties in the CARE Area of up to fifty percent (50%) of the costs or \$3,000, whichever is less. To be eligible, the improvements must meet the standards of CARE Area Revitalization Plans where applicable, and maintain the historic integrity of the property and district.

**7. INFORMATION SHARING.** The Authority agrees to provide the Chief Administrative Office or his designee with copies of all correspondence relating to its activities to be performed under this Agreement and will keep the Chief Administrative Officer fully and timely informed of all developments relating to the preparation and planning of the project.

**8. BUDGET AND AUTHORITY EXPENSES.** The budget shall contain existing appropriations, any unencumbered amounts within the Program Fund and anticipated revenues from activities undertaken for the current Fiscal Year. This Agreement does not provide additional funding and is solely for the continuation of the CARE and Extra CARE program activities. The Authority shall be eligible to receive an amount not to exceed \$13,000.00 to cover the Authority's direct expenses in administering the CARE Cooperation Agreement and the Extra CARE Cooperation Agreement. .

**9. GENERAL PROJECT FUND.** The Authority agrees that funds transferred by the City to the Authority from time to time for the Program shall be deposited by the Authority in a designated Program Fund to be used only in accordance with this

Agreement. The Authority agrees to transfer to the Program Fund any funds received from any source as a result of this Program, including, but not limited, to income and interest earned against the Program Fund.

**10.AUTHORITY LIABILITY.** It is the intent of the parties not to impose upon the Authority any responsibility other than what may be required to implement the Plan under this Agreement. Accordingly, the Authority does not assume any responsibility or liability whatsoever except as specifically stated herein. Should any liability accrue to the Authority which is not specifically addressed in this Agreement, the Authority shall not be required to expend its funds derived from sources other than the Program Fund to discharge such liability. The Authority is hereby authorized to expend such funds from the Program Fund as may be necessary to protect the assets of the Authority and to prevent the entry of a default judgment against the Authority. If a lawsuit involving the Program is filed or expected to be filed against the Authority, the Authority shall immediately notify the City Attorney and Chief Administrative Officer. The parties acknowledge that the Authority has no general fund revenue and that each Program the Authority undertakes is subject to such program's own independent financial resources and limitations.

**11.ENVIRONMENTAL SITE ASSESSMENT.** The Authority shall require from the borrower an appropriate level of environmental inquiry with respect to any and all property to be acquired with Project funds. Whenever the results of a Phase I site assessment indicates a need to perform a Phase II site assessment, the Authority shall so advise the borrower and City, shall provide the City with a copy of the Phase I site assessment and shall receive the City's written approval before requesting a Phase II

site assessment from the borrower. The City shall be provided a copy of the Phase II site assessment results.

The City and the Authority shall not be responsible for abating and remediating any environmental condition or nuisance of any kind which may be created, caused or, to the extent exacerbated or contributed to by the Project activities.

**12.ACCOUNTING AND AUDIT.** The Authority shall keep records of its financial transactions, if any, for the projects described herein in accordance with generally accepted accounting principles. The City and the Authority agree that the Authority may engage the services of an independent auditor to conduct an annual audit of the financial transactions, if any, undertaken for the projects described herein. Such audit shall comply in all respects with generally accepted accounting principles. The City Auditor shall have access to the independent auditor's work papers. In addition, the City Auditor or his designee may at any time audit the financial transactions undertaken under this Agreement. The Authority shall cooperate to assure that the independent external auditor and the City Auditor are granted reasonable access on a timely basis to all books and records of any party necessary to complete such audits, and will require appropriate provisions in furtherance of this objective in any contracts required under this Agreement. The Authority shall provide an annual audited report on the Program Fund to the within three months after the end of its fiscal year. Failure to provide an annual audited report shall be considered a material breach of this Agreement and provide cause for termination of the Agreement.

**13.AUTHORITY CONTRACTS.** The Authority may, within the approved budget, contract without the City's prior approval for services deemed by the Authority to be necessary to undertake and carry out its responsibilities under this Agreement.



**14.NO DISCRIMINATION.** The City and the Authority agree not to discriminate, in carrying out this Agreement, against any employee or applicant because of race, color, religion, sex or national origin and shall take affirmative action to insure that applicants are employed and that employees are treated during employment without regard to race, color, religion, sex or national origin. Such action shall include but not be limited to employment, promotion, demotion, termination, rates of pay, other compensation and selection for training including apprenticeship.

**15.AUTHORITY BOND.** The Authority shall not be required to furnish the City a blanket corporate fidelity bond surety covering all officers and employees of the Authority capable of authorizing disbursements of funds or handling funds received or disbursed by the Authority from the City or any other party involved in any activities undertaken pursuant to this Agreement.

**16.GOVERNING LAW.** This Agreement and the performance thereof shall be governed, interpreted, construed and regulated by the laws of the Commonwealth of Virginia.

**17.NOTICES.** Any notices required to be given under this Agreement shall be sufficient if in writing and sent by first class, registered or certified mail, return receipt requested; if to the Authority, to its Chairman at 2401 East Leigh Street, Richmond, Virginia 23220 or if to the City, to Selena Cuffee-Glenn, Chief Administrative Officer at City Hall, 900 East Broad Street, Richmond, Virginia 23219 with a copy to the City Attorney, 900 East Broad Street, Suite 400, Richmond, Virginia 23219. Either party may change its address for purposes of notice by giving notice to the other in accordance with this paragraph.

**18. NO ASSIGNMENT.** This Agreement shall be binding upon and shall inure to the benefit of the successors and permitted assigns of the parties hereto; provided, however, that in no event may this Agreement or any of the rights, benefits, duties or obligations of the parties hereto be assigned, transferred or otherwise disposed of without the prior written consent of the other, which consent neither party shall be obligated to give.

**19. NO THIRD PARTY RIGHTS.** No third party rights are created by this Agreement.

**20. TERMINATION.** Either party may terminate this Agreement with or without cause at any time upon reasonable written notice. Upon termination, the Authority shall transfer to the City all assets held under this Agreement, including receivables, and shall cooperate in transferring any outstanding loans to the City.

Witness the following signatures and seals:

**CITY OF RICHMOND, VIRGINIA,**  
A municipal corporation of the Commonwealth  
of Virginia,

By: \_\_\_\_\_  
Selena Cuffee-Glen  
Chief Administrative Officer

Date: \_\_\_\_\_

Approved as to Form:

  
Deputy City Attorney

**ECONOMIC DEVELOPMENT AUTHORITY  
OF THE CITY OF RICHMOND, VIRGINIA,**  
A Political Subdivision of the Commonwealth of  
Virginia

By: \_\_\_\_\_

**Julious P. Smith, Jr., Chairman**

**Date:** \_\_\_\_\_

**EXHIBIT A**  
**Commercial Area Revitalization Effort**  
**FY 18 Budget\***

<b>CARE Program:</b>	
Rebates and Loans	\$ 87,000.00
Technical Assistance	\$ 3,000.00
Administration**	\$ 13,000.00
Training and Travel	\$ 1,000.00
Equipment & Supplies	\$ 500.00
Marketing	\$ 500.00
<b>Sub Total:</b>	<b>\$ 92,000.00</b>
<b>Extra CARE Program:</b>	
Rebates and Loans	\$ 45,000.00
<b>Grand Total</b>	<b>\$ 150,000.00</b>

\*Budget: includes total FY 18 Allocation for CARE and Extra CARE

\*\*Administration: includes EDA administrative fees for CARE and Extra CARE

## **Exhibit B**

### **The City of Richmond/EDA Loan Programs Underwriting Guidelines & Policies (CARE and Extra CARE)**

#### **Loan Applications:**

- There is a one hundred dollar (\$100.00) non-refundable loan application fee.
- The Loan Administrator will analyze and evaluate all CARE and Extra CARE loan applications to determine repayment capacity. A written assessment will be provided to the Economic Development Authority of the City of Richmond (EDA) Loan Committee.

#### **Eligible Business:**

- Owners must have a 10% personal investment or equity position in the business or project.
- Previous business experience is preferred or completion of an approved pre-business training course.
- Business plan & financial projections are required for businesses under two years.
- Business must be located in an eligible CARE or Extra CARE area.
- (Combined) debt service coverage ratio of 1.25 or better.
- Business may not have tax liens, and must be current with the filing of all withholding and other business taxes.
- The business must have a positive net worth.
- Business tax returns should reflect a minimally profitable operations or break-even, at worst. Operating losses will not be an automatic disqualifier, but the business must demonstrate potential future profitability with a solid business plan or strategy.
- Business plans and financial projections will be required.
- The combined personal and business funds flow should cover the projected annual debt service at 1.1 times. Funds flow from the business is defined as earnings before interest and taxes, plus any non-cash charges (i.e., depreciation, amortization, etc.). Again, discretionary income or funds from owners or guarantors can be used in calculating this ratio. Annual debt service is defined as total principal and interest payments coming due during the next twelve months.
- Business must not be in bankruptcy or have entered into a compromised repayment plan with creditors during the past two years.
- The repayment or refinancing of existing debt will not normally be allowed, unless permitted by a program, or when such refinancing would facilitate the creation of new jobs or accomplish some other community or economic development objective.

Guarantors and/or Owners:

1. Guarantors and/or owners should ideally have reasonably clean credit histories, and demonstrate the ability to handle their personal financial affairs.
2. Guarantors with past personal credit difficulties must provide a written explanation of the cause of these difficulties.
3. Guarantors or owners shall not be in bankruptcy or have entered into a compromised repayment plan with creditors during the past two years.
4. Any judgments shown on the applicant's personal credit report shall be satisfied, particularly on loans in which owner-occupied real property will serve as collateral for the loan.

General Underwriting Guidelines:

1. Loans awarded must contribute to the creation of jobs, the removal of blight, or some other economic or community development objective.
2. Loans awarded are for rehabilitation, renovation and improvement and are not for working capital or acquisition, unless specifically permitted by the program.
3. Loans requiring equity contributions by the owner: these funds shall go in first, and be evidenced by an "as-is" appraisal for real-estate transactions, a bank deposit, or some other means of verification acceptable to the EDA or its representative.
4. Loans where progress billings are allowed: draws should be in line with the actual cost incurred on the project, and backed by appropriate supporting documentation. Draw requests shall be authorized and signed by the owner and general contractor, and allow five business days for inspection of the project and processing by the lender or representative.
5. All owners having 20% or more interest in the business must serve as a guarantor on loans approved under these programs.
6. Loans are to be collateralized with assets being purchased or renovated with loan proceeds. Loans and liens approved under these programs can be subordinated to other third party lenders when necessary.
7. Loans to finance leasehold improvement shall require landlord waivers and have a cap.
8. A maximum 95% loan/value is required.