

**SILVERTON
BUILDING IMPROVEMENTS
REVOLVING LOAN FUND &
SMALL GRANT PROGRAM**

PROGRAM GUIDELINES



**SILVERTON CHAMBER OF COMMERCE
426 N. Water Street
Silverton, OR 97381
Phone: (503) 873-5615**

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BUILDING IMPROVEMENTS REVOLVING LOAN FUND
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PROGRAM GUIDELINES**

Purpose:

The purpose of the Silverton Building Improvements Revolving Loan Fund and Small Grant Program is to provide financing for the restoration/revitalization of buildings within Silverton's Urban Renewal District. This area includes properties within the City's Industrial Park, Downtown Historic District, and the General Commercial District. The intent of this loan and grant program is to encourage property owners, building owners and business owners in these areas of Silverton to restore exterior facades of historic buildings to their original design and character, to provide interior tenant improvements that expand commercial, industrial, or residential uses, to bring historic structures into ADA compliance, or to expand occupancy. This program will improve the commercial viability of the Urban Renewal District by both investing in projects which increase the value of buildings and by supporting projects which preserve and restore the character of historical buildings in downtown Silverton. While loans are intended to augment, not replace, commercial or other financing sources, this program may serve as the sole source of financing for smaller projects. The program seeks to encourage private investment in these areas to help revitalize the historic downtown and to stimulate growth of the local economy.

Eligible Loan and Grant Projects:

Funds are available for a wide variety of activities. The following list is not intended to be exhaustive, but rather illustrative of the types of projects the City of Silverton and Silverton Urban Renewal Agency (SURA) are likely to fund:

- 1) Professional Design Services Small Grant Program: Certain commercial improvements require the property/business owner to retain the services of a registered architect or engineer to submit stamped plans for city review and approval. The City and Silverton Urban Renewal Agency will set aside funds to provide grants up to a maximum of \$2,000 per application for these services, provided, however, that the project comes to fruition. In the event that the applicant determines to not move forward with the improvements, then the applicant shall bear responsibility for the design costs. The applicant shall pay the design costs upfront, and the City and/or SURA will reimburse the loan applicant for the cost of design services up to \$2,000 upon completion of the project. The City Manager and/or SURA Director shall have discretion to award small design grants to building owners if, in his/her determination, the design services are likely to lead to a viable project, or the cost of the design services are an impediment to moving forward with a project.

- 2) Electrical Service Relocation Small Grant Program: The City Manager and/or Silverton Urban Renewal Agency Director shall also have sole discretion to award grants of up to \$5,000 for projects that remove electrical services on buildings to areas less visible to pedestrian and vehicular traffic. It is not the intention of this small grant program to provide funding to building owners to replace or/upgrade the electrical services to their buildings. Rather, the purpose of this program is to provide funding to building owners to fill the gap on what is required regarding the placement of electrical service, versus what is desirable from a historic and aesthetic standpoint.
- 3) Exterior improvements intended to restore façade exteriors, including windows, doors, signs and awnings.
- 4) Painting and cleaning.
- 5) Masonry repair or cleaning.
- 6) Repairing and/or replacing cornices, entrances, doors, windows, decorative details, and awnings.
- 7) Sign removal, repairing or replacement.
- 8) Building identification.
- 9) Renovation of upper floor area for low or moderate cost housing.
- 10) Renovation of interior spaces that allow for the expansion of commercial and/or better utilization of commercial spaces.
- 11) Other building improvements that, in the determination of the City Manager and/or SURA Director, expand the commercial viability of buildings in the Urban Renewal District

Ineligible Activities:

- 1) Working capital.
- 2) Financing of inventory.
- 3) Financing building acquisition costs.
- 4) Refinancing of existing debt.
- 5) Projects that do not meet the spirit or letter of the design guidelines contained in the Silverton Downtown Master Plan.

Location:

Eligible Building Improvement Revolving Loan Fund and Professional Design Services Small Grant Program projects must be located Silverton's Urban Renewal District. Eligible Electrical Service Relocation Small Grant Program projects must be located within Silverton's Downtown Historic District. A map depicting eligible project locations is included with the Program Guidelines Manual. Funds are available on a first come, first served basis. The maximum amount available for this program during any fiscal year shall be \$150,000.

Revolving Loan Conditions and Considerations:

- 1) The project must be feasible, have a reasonable prospect of repayment, and be sufficiently collateralized.
- 2) Loans secured by commercial property shall be limited to **\$25,000** per building and be paid off within 5 years, with the following interest rate schedule. The City Manager and/or SURA Director may authorize individual loans that exceed the \$25,000 threshold for qualifying projects provided that sufficient resources are available and doing so does not impair the ability of the City and/or SURA to provide loans to other applicants. Under no circumstances can the City Manager and/or SURA Director approve a loan that exceeds \$50,000 during any given fiscal year without authorization of the City Council and/or SURA:
 - 0-12 Months: 0 percent
 - 13-24 Months: 1 percent
 - 25-36 Months: 1.5 percent
 - 37-48 Months: 2.0 percent
 - 49-60 Months: 2.5 percent
- 3) Loans secured with a personal guarantee by business owners shall be limited to **\$25,000** per business and be paid off within 3 years, with the following interest rate schedule:
 - 0-12 Months: 0 percent
 - 13-24 Months: 1.5 percent
 - 25-36 Months: 2.5 percent
- 4) Loans provided by this program are to be used for exterior rehabilitation and/or renovation of floor areas of existing commercial buildings within the Urban Renewal District as identified by the Program Guidelines map. Because of limited monies available, loans will be awarded only to projects showing significant aesthetic improvements, and/or projects that maximize the commercial viability of a particular building.
- 5) All exterior improvements are to be reviewed by the Chamber Design Committee and Silverton Community Development Director and recommendation for funding made to the City Manager and/or SURA Director.
- 6) All loans must be fully secured before funds can be released. Security will generally be a lien on property, but other forms of security such as accounts receivable, cash and bank deposits and/or personal guarantees may be required or allowed.

- 7) Upon default of the loan, the whole sum of principal and interest shall become due immediately at the option of the City of Silverton. Default occurs at the time the borrower fails to pay principal and interest when due.

In the event of default, the interest rate shall be increased to an amount ("Overdue Rate") equal to the lesser of (a) the maximum legal rate of interest permitted by applicable law or (b) five percent (5%) per annum above the interest rate provided for in item 2 above. The Overdue Rate shall be due and owing and shall accrue and be payable from the date of the occurrence of the default to and including the date of payment of all sums due hereunder. The Overdue Rate shall be applied to the amount payable hereunder multiplied by the actual number of days elapsed using said 360-day year, payable on demand.

- 8) The monies loaned from this fund may be in a subordinate security position to that of other lenders. However, the City of Silverton will attempt to be in the strongest position possible within the constraints of the project.
- 9) A loan fee of **\$300** will be charged on all 5 year loans and a loan fee of **\$150** will be charged on all 3 year loans for processing and administration.
- 10) No money may be loaned from the fund unless the applicant has a firm commitment from a commercial or private lender, evidence of secure capital or local development group to participate in the financing, unless the City and/or SURA are the sole financing agent.
- 11) Property owner(s) signature must be obtained on all loan applications completed by business owners for improvements or signage to leased or rented property.
- 12) The applicant must, to the greatest extent possible, use loan funds to hire local contractors, supplies, and other professional service providers.
- 13) Applicants are responsible for securing all permits and undergoing design review, if applicable, prior to securing City and/or SURA funding.

Pre-application/Design Review Process:

- 1) Applications and Guidelines for the program will be available from City of Silverton, 306 S. Water Street, Silverton, OR 97381, (503) 874-2205 or at Silverton Chamber of Commerce, 426 S. Water Street, Silverton, OR 97381, (503) 873-5615.
- 2) Completed loan applications, design plans illustrating proposed work, photographs or building, description of process and materials to be used, itemized costs estimates from licensed contractors and estimated project completion timeline will be submitted to the Chamber Design Committee for review and recommendation, prior to submission to the City Planning Department.

- 3) Chamber Design Committee reviews applications for projects that include exterior repair for appropriateness and design quality of proposed building improvements for Silverton's Downtown Commercial district. Where there is a conflict between recommendations by the Chamber Design Committee and the City of Silverton on issues related to design, the City shall make the final determination.
- 4) The City will notify applicants in writing of approval or denial of application for building improvements.
- 5) If design application is denied by the City Planning Department, the applicant may revise and resubmit a façade improvement plan for reconsideration and review.
- 6) All projects funded through Silverton's Building Improvement Revolving Loan Fund and Small Grant Program must adhere to all City Planning and Building Department regulations, codes, and requirements.

Loan Applications:

- 1) The loan application requires:
 - a. information summarizing the project, including complete construction plans and specifications;
 - b. letter of design recommendation from Chamber Design Committee, if applicable;
 - c. the project cost and the amount and source of matching funds;
 - d. preliminary commitment of private funds;
 - e. specific uses of all funds;
 - f. current financial and/or profit and loss statements;
 - g. amount of loan requested and proposed term being requested;
 - h. current lien/title report on the subject property;
 - i. payment agreement;
 - j. written authorization from property owner (when necessary);
 - k. personal guarantee from business owner.

Loan Approval Process:

- 1) The City of Silverton will require detailed information from the applicant with particular emphasis on the feasibility of the project and the strength of the applicant in terms of reasonable prospects of repayment.
- 2) Chamber will review completed applications and make its recommendation to the City of Silverton for funding. Application review is strictly advisory, but its recommendation will be based on normal loan underwriting criteria. The City of Silverton will make final loan approval.

- 3) Once the authorization to enter into a loan agreement is made, the necessary documents will be drawn up and signatures obtained.
- 4) Changes in the approved project specifications must be approved by the City of Silverton. The City may approve or reject such changes; however, the City may defer such action to the Chamber Design Committee if changes affect the exterior appearance of the building.
- 5) Approved “Changes in Work” forms will be attached to the original applications dated and signed by the City.
- 6) Funds will be disbursed upon completion of the project. The City will conduct a final inspection before the loan funds will be disbursed to the applicant. A Certificate of Approval will be issued to the applicant.
- 7) Deviations from approved plans and specifications may disqualify the applicant from the loan program funds.

Small Grant Approval Process:

- 1) Applicants seeking funding for moving an electrical service that meet the requirements set forth above shall be required to meet with the City Engineer and possibly a representative of Portland General Electric to determine the actual cost difference between what is required and what is desired by the City in terms of locating electrical service for a particular building. The City Engineer shall provide a recommendation to the City Manager and/or SURA Director on whether and to what extent a particular project should receive grant funding. Under no circumstances shall a building owner receive more than \$5,000 in grant money to relocate an electrical service unless authorized by the City Council and/or SURA. The City shall provide grant forms to applicants that request basic information related to the project, and at least three (3) cost estimates from qualified contractors, if applicable.
- 2) Applicants seeking grant funding for professional design and engineering services must fill out a grant request form that provides the City Manager and/or SURA Director with relevant project information, and at least three professional service quotes from qualified engineers or architects. The City shall review the proposed costs and design scope for reasonableness prior to grant monies being expended.
- 3) It is the desire of the City and SURA that applicants retain the services of local engineers and architects whenever possible.

Application Procedure:

All applications must be made on forms provided by the City of Silverton or Silverton Chamber of Commerce. For further information, please contact:

**Bryan Cosgrove, City Manager
City of Silverton
306 S. Water Street
Silverton, OR 97381
(503) 874-2205**

or

**Stacy Palmer, Executive Director
Silverton Chamber of Commerce
P. O. Box 257
Silverton, OR 97381
Phone: (503) 873-5615
Email: info@silvertonchamber.org**

**SILVERTON
BUILDING IMPROVEMENTS REVOLVING LOAN FUND**

LOAN APPLICATION

Name of Applicant: _____ Tax ID # _____

Street Address: _____ Phone #: _____

Mailing Address: _____

Business Name: _____

Business Owner (if different from Applicant): _____

Property Owner (if different from applicant/business owner): _____

Property Owner Authorization: As owner of property located at _____,
Silverton, OR I have reviewed the proposed project and hereby authorize improvements to be made or signage
to be added to my property.

Property Owner Signature Date

Brief description of project (attach construction plans and specifications):

Total Project cost: \$ _____ Estimated Completion Date: _____

Amount of Loan Requested: \$ _____ Term of Loan Request: _____

Name of private lending institution: _____

The statements made herein are true and represent a total disclosure of all the information as of this date. Applicant understands that the City will retain this application and any other credit information received, whether or not this loan request is approved. Applicant authorizes any person or consumer-reporting agency to complete and furnish to the City any information it may have or obtain in response to the City's credit or reference inquiries. Applicant further authorizes the City to provide information concerning Applicant's credit relationship to credit reporting agencies or other credits.

Applicant Signature: _____ Date: _____

To help us understand more about your business, please provide the following information:

- | | |
|--|---|
| <input type="checkbox"/> complete construction plans and specifications | <input type="checkbox"/> preliminary commitment of non-RLF funds |
| <input type="checkbox"/> specific outline for uses of all funds | <input type="checkbox"/> current financial and/or profit and loss statements |
| <input type="checkbox"/> current lien/title report on the subject property | <input type="checkbox"/> a letter of design approval from the Chamber
Design Committee |
| <input type="checkbox"/> personal guarantee (if required) | |

PROPOSED PROJECT FINANCING

Estimated Costs For:

<u>DESCRIPTION</u>		<u>AMOUNT</u>
Design	\$	_____
Engineering	\$	_____
Signs	\$	_____
Second Floor Renovation	\$	_____
Painting and Cleaning	\$	_____
Masonry Repair/Cleaning	\$	_____
Working Capital	\$	_____
Closing Fee (\$100)	\$	_____
Other Building Costs	\$	_____
Other:	\$	_____
_____	\$	_____
_____	\$	_____
_____	\$	_____
_____	\$	_____
TOTAL COSTS	\$	=====

PROPOSED SOURCES OF FUNDING

(must equal project costs)

<u>DESCRIPTION</u>		<u>AMOUNT</u>
Cash or Equity	\$	_____
Private Loans	\$	_____
Commercial Loans	\$	_____
Silverton Revolving Loan Funds	\$	_____
Other:	\$	_____
_____	\$	_____
_____	\$	_____
_____	\$	_____
_____	\$	_____
TOTAL FUNDING	\$	=====