

Commercial District
Revolving Loan Fund
Policies & Procedures Guidelines

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Commercial District Revolving Loan Fund Policies & Procedures Guidelines

I. INTRODUCTION

The Lending Policies & Procedures Guidelines (“Guidelines”) describe the scope and limitations of the Commercial District Revolving Loan Fund (RLF) which provides small business loans for business owners. The program priority is to serve businesses located in commercial areas that have managing organizations participating in the City’s Commercial District Revitalization Program. Loan funds may also be used to support commercial areas adjacent to or within other designated areas receiving public assistance. (See Appendix A - Maps of Eligible Areas.)

The program is funded with Community Development Block Grant (CDBG) Funds from The U.S. Department of Housing and Urban Development (HUD) through the Community Development Division of The City of Oklahoma City’s Planning Department. Funds in the RLF shall be available only for the purposes of making loans to carry out economic development activities and for program delivery costs.

The Commercial District RLF will be available to businesses in or adjacent to the following areas as depicted on the maps in Appendix A. The maps show:

- Commercial areas participating in the City’s Commercial District Revitalization Program;
- Business Improvement Districts with the exception of the Downtown BID
- Retail nodes and corridors identified in planOKC that are located within the HUD-approved Neighborhood Revitalization Strategy Area (NRSA), not including Downtown.

The fund may not be used to provide loans to nonprofit organizations, any agency or entity of the Federal Government or any State government or unit of general local government.

Assistance may be provided to businesses that meet one of the following qualifications:

A. Small Business Development Assistance

A business may qualify for Small Business Development Assistance if it meets the following criteria:

1. Generally loans to small businesses will be based on creation or retention of jobs. At least 51% of all jobs created and/or retained must be filled with persons who qualify as having Low to Moderate Income as defined by HUD (LMI). The business must create or retain at least one full-time equivalent permanent job per \$35,000 of CDBG funds used.

2. In some cases, a business may be able to qualify under the Area Benefit standard. A business may be eligible for consideration under area benefit, if:

- It provides good or services to a defined local residential service area;
- At least 51% of the service area is occupied by residents with LMI); and
- The business provides goods or services to residents of an area, such that the number of LMI persons residing in the area served by the assisted business amounts to at least one LMI person per \$350 of CDBG funds used.

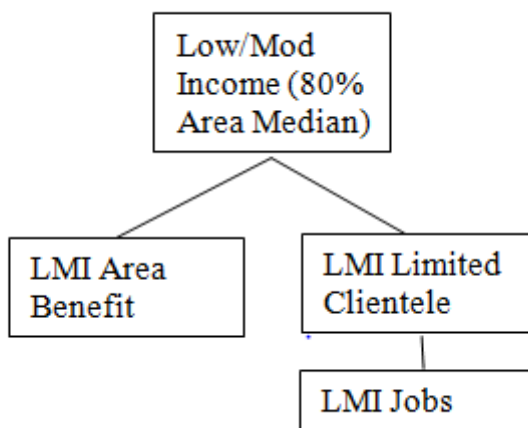
3. If a business is expected to create or retain jobs and will also provide goods or services to residents of an area, the activity may qualify for loan funds under either the jobs standard or the area benefit/residents standard, but not both.

B. Microenterprise Assistance

A business may qualify for Microenterprise assistance if it has at least one and not more than five employees, one of whom is the owner. The owner must qualify as having LMI. Job creation is not required to be tracked for Microenterprise assistance.

II. PROGRAM PURPOSES

The Commercial District Revolving Loan Fund must support an eligible activity, and meet national objective and public benefit requirements which include:



The City will participate with private lenders and/or provide direct RLF loans.

All loans financed under the Commercial District Revolving Loan Fund program must meet the eligibility and approval standards in these Guidelines. The minimum loan amount per proposal is \$20,000. The maximum loan amount will be equal to 1/3 of the total loan fund value, subject to availability of funds.

III. POLICY STATEMENT

The Commercial District Revolving Loan Fund is not created to compete with private sector lenders, and therefore has limitations on how and when financing will be provided. Financing provided by The City is designed to leverage private financing and to fill a gap in economic development financing that is not served by private funding sources.

CDBG objectives for underwriting economic development projects should ensure:

1. That project costs are reasonable;
2. That to the extent practicable, all sources of project financing are committed;
3. That to the extent practicable, CDBG funds are not substituted for non-Federal financial support;
4. That the project is financially feasible;
5. That to the extent practicable, the return on the owner's equity investment will not be unreasonably high; and
6. That to the extent practicable, CDBG funds are disbursed on a pro rata basis with other financing provided to the project.

IV. ADMINISTRATIVE RESPONSIBILITIES

The Commercial District Revolving Loan Fund is administered by The City of Oklahoma City's Planning Department. The administrative mechanism and procedures for the program are described in the following sections.

A. City Council

The City Council of Oklahoma City is the approving body for any written agreements, loan approvals and collection actions.

B. City Council Neighborhood Conservation Committee (NCC)

The Neighborhood Conservation Committee of City Council (NCC) is the loan review committee and is authorized to review qualified loan applications and

make recommendations to the City Council on loan agreements, approvals and actions requiring collections.

C. Oklahoma City Planning Department

The Planning Department will receive and review loan applications for consistency with program and regulatory compliance. If funding is available, qualified applications will be forwarded with a funding recommendation to the NCC for consideration.

The Planning Department will provide loan servicing, either directly or under an Intercreditor Servicing Agreement with the borrower's private lender. If loan servicing is provided by the borrower's private lender, the lender may be allowed to retain part of the interest earned on the Commercial District Revolving Loan Fund loan as compensation.

D. City Municipal Counselor's Office

The City's charter authorizes the Municipal Counselor's Office to provide legal counsel to The City in matters related to this program.

E. Program Accounting and Reporting

The Administration Division of the Planning Department will establish and maintain accounts and ledgers in accordance with generally accepted accounting principles to properly account for recording of payments and disbursements to loan recipients. All financial activity regarding the Commercial District Revolving Loan Fund will be recorded through The City's official financial management and accounting system administered by the City's Finance Department.

F. Marketing Approach

Applications will be accepted by The City on an ongoing basis. Program information and application materials will be provided on The City's Economic Development web page and on the Oklahoma City Chamber of Commerce website. The City will provide brochures on the RLF to management from each Commercial District's staff to distribute to businesses within their districts. Local lenders will be informed of program policy and procedures and availability of funds for qualified projects.

V. STATUTORY LOAN REQUIREMENTS AND FUND PRIORITIES

A. Fund Capitalization

The Commercial District Revolving Loan Fund is capitalized with CDBG funding. Loans funded under this Loan Fund must comply with Eligible Activities established in 24 CFR 570.201, §570.202 or §570.203 and National Objectives under §570.208 and §570.209.

1. Repayments of principal and interest from loans made by the fund shall be deposited in the RLF and be available for relending in accordance with this section.

2. All loans established under the Commercial District Revolving Loan Fund are subject to the availability of funds.

B. Loan Terms and Debt Service Structuring

1. The Commercial District Revolving Loan Fund will base loan interest rates on risk and term of the loan. The terms will be 7 years for working capital and Furniture, Fixtures and Equipment (FF&E) and 15 years for the purchase of a building. All loans will be secured by collateral. In the event that a participating lender requires a servicing fee, the rate may be adjusted upward to fulfill the requirements of an Intercreditor Agreement.

2. All loans will be fully amortizing with regular monthly payments of principal and interest. Borrowers may opt for interest-only payments during the first twelve (12) months if construction is a majority of the expenditure, with the outstanding principal balance amortized over the remainder of the loan term, and regular monthly payments of principal and interest beginning on the first day of the 13th month of the loan.

3. Loans must be drawn upon within 6 months of approval. If no drawdown has been made within 6 months, staff will reevaluate loan approval, and may rescind the loan.

4. Under no circumstances will RLF funds be awarded in the form of a grant.

C. Fund Priorities

In addition to the CDBG qualification requirements of area benefit, job creation and/or assistance to a microenterprise business identified in Sections I.A. & B, the following outcomes are identified as strategic goals of the program. For funding consideration, the proposed project must meet two (2) or more of the following:

1. Will result in generation of new sales tax revenues (e.g. retail operations).

2. Includes rehabilitation or adaptive reuse of vacant or partially vacant multi-story buildings.
3. Supports elimination or prevention of blight.
4. Includes historic restoration and/or preservation of an existing commercial building or facade.
5. Supports or enhances tourism in the targeted areas.
6. Supports creation of, and/or contracting with Minority and Women Owned Business Enterprises (MBE/WBE).
7. Proposes substantial leverage with private investments that may include New Market Tax credits or Historic tax credits.
8. Is consistent with/helps implement the goals and objectives of a strategic neighborhood plan or a commercial district revitalization plan.
9. Commits to using local labor for construction.

VI. ELIGIBLE APPLICANTS AND AREAS

A. Eligible Entities

For-Profit Sole Proprietors, Limited Liability Companies, and Corporations are eligible to apply for assistance through the Commercial District Revolving Loan Fund.

B. Eligible Areas

Focus areas are those within or adjacent to commercial areas whose managing organizations are participating in The City's Commercial District Revitalization Program. See Appendix A for eligibility maps. An applicant must meet one or more of the following criteria:

1. Applicant proposes a business move to a property within the eligible areas;
2. Applicant proposes an expansion to a business located within the eligible areas; or

3. Applicant proposes a start-up or new business in the eligible areas. A new business is one which has been operating less than 12 consecutive months under the same ownership.

VII. USES OF FUNDS

A. Allowable Uses of Funds

Funds available through the Commercial District Revolving Loan Fund may be used for the following activities within the eligible program areas.

1. Improvements, expansions or renovations to existing buildings.
2. Acquisition of fixed assets including land and buildings, or machinery and equipment having a normal useful life of not less than the maturity of the loan.
3. Project related soft costs including: reasonable professional fees, surveys, appraisals, legal services, engineering services, architectural services, environmental reports and professional services directly related to construction, building permits, energy audits, and other expenses and closing costs not specifically prohibited in Paragraph B of this section.
4. Working capital including the cost of materials, labor and inventory, subject to underwriting and collateral requirements as the City determines reasonable and necessary to mitigate risk.
5. Refinancing existing debt, if:
 - a) The RLF Recipient sufficiently demonstrates in the loan documentation a “sound economic justification” for the refinancing (e.g., the refinancing will support additional capital investment intended to increase business activities). For this purpose, reducing the risk of loss to an existing lender(s) or lowering the cost of financing to a borrower shall not, without other indicia, constitute a sound economic justification;
 - OR
 - b) RLF Capital will finance the purchase of the rights of a prior lien holder during a foreclosure action which is

necessary to preclude a significant loss on an RLF loan. RLF Capital may be used for this purpose only if there is a high probability of receiving compensation from the sale of assets sufficient to cover an RLF's costs plus a reasonable portion of the outstanding RLF loan within eighteen (18) months following the date of refinancing.

B. Ineligible Uses of Funds

The Commercial District Revolving Loan Fund may not be used to provide loans to non-profit entities, any agency or entity of the Federal Government, or any State government or unit of local government.

In addition, Commercial District Revolving Loan Fund funds shall not be used for the following expenses:

1. Incorporation and organizational expenses.
2. Loan application fees.
3. Origination and discount fees.
4. Participating lender's loan processing fees and other charges in connection with closing the senior loan.
5. Any venture or business concern that proposes the operation of a private or commercial golf course, country club, massage parlor, sale of pornographic materials, hot tub facility, suntan facility, tattoo parlor, racetrack or other facility used for gambling, or any store whose principal business is the sale of tobacco or alcoholic beverages for consumption off premises.
6. Applications proposing to use funds in support of inherently religious activities such as worship or religious instruction. If an organization does conduct such activities, the activities must be offered separately than those funded with proceeds from the Commercial District Revolving Loan Fund loan.
7. Any other business expense deemed by The City to be outside the scope and purpose of the Commercial District Revolving Loan Fund program.

VIII. LENDING CRITERIA

This section establishes the eligibility criteria and underwriting standards applicable to the Commercial District Revolving Loan Fund program.

A. General Standards for Loan Approval

Staff must be able to make a determination that the use of funds is appropriate to support economic growth within the Commercial District Revolving Loan Fund area, and that work financed by the proposed loan meets one or more of the program objectives below:

1. That project costs are reasonable;
2. That all sources of project financing are committed;
3. That to the extent practicable, CDBG funds are not substituted for non-Federal financial support;
4. That the project is financially feasible;
5. That to the extent practicable, the return on the owner's equity investment will not be unreasonably high; and
6. That to the extent practicable, CDBG funds are disbursed on a prorata basis with other finances provided to the project.
7. For projects involving completion of improvements to real property, the applicant must comply with all applicable code, permit and license requirements, and must obtain a Final Certificate of Occupancy.

B. Credit Requirements

The applicant shall generally have Fair credit (600 and above).

C. Underwriting Criteria

These items will be reviewed in the underwriting process:

1. The following factors:
 - Working Capital is Positive and increasing
 - Current Ratio *Goal:1.5:1 or higher
 - Current Liabilities *Goal: 1:1
 - Debt to Equity Ratio *Goal: 4:1
 - Debt Service Coverage Ratio *Goal: 1 - 1.2
 - Loan to Value (LTV) = typically 80%

- Credit Worthiness = 600 or above
- Is the Cost of Goods Sold (COGS) consistent as a percentage of sales?

If one or more of the above factors is not met, staff must address the situation in the Staff report with an explanation of how the proposal is impacted.

2. Certificate of Good Standing or equivalent from the Oklahoma Secretary of State or the state in which business is currently incorporated.
3. Do financial projections include the costs associated with job creation to meet RLF requirements?
4. Does the borrower match up sources and uses of funds?
5. Is the value and quality of collateral sufficient?
6. Are there additional collateral or credit enhancements (such as guarantees or key persons insurance)?

D. Collateral

1. All Commercial District Revolving Loan Fund transactions shall be subject to one or more of the following collateral requirements, which shall be valued in accordance with industry standards:

- Interest in land, buildings and real property.
- Machinery and equipment.
- Assignment of contract and contract proceeds.
- Assignment of current receivables.
- Inventory.
- Stocks and bonds.
- Savings instruments.
- Personal and corporate guarantees.
- Leasehold improvements.
- Negotiable instruments.
- Furniture and fixtures.
- Accounts and note receivables.
- Possession, control, or availability of other personal assets as may be required by The City or to adequately secure The City lien.

2. The City may also require security in the form of assignments of patents and licenses, commercial liability and other forms of

insurance, and such other additional security as the NCC or City Council determines necessary.

3. When loan requests are submitted by closely held corporations, partnerships, or proprietorships dependent on certain individuals for their continuing success, applicants may have to provide and assign to The City, life insurance on these key persons. Personal guarantees may also be required from principals and owners. A guarantor or co-maker may be required where the loan is not sufficiently collateralized, or when assets under the umbrella of a partnership or corporation cannot be pursued by The City if default occurs.

E. Security Position

1. When providing Commercial District Revolving Loan Fund assistance, The City may take a subordinated position to the participating lender in securing its portion of the loan, so long as The City is reasonably secured.

2. The documents for financing by The City will be prepared by the Planning Department staff to ensure The City's collateral position, with proper valuations. These documents may include, but are not limited to Deeds of Trusts, Mortgages, Loan Agreements, Inter-Creditor Agreements, Subordination Agreements, Personal Guarantees, Liens, UCC Statements (if not filed by the senior lender or its closing agent), Assignments, and/or other legally binding agreements deemed necessary to secure and record The City's public interest in the transaction.

F. Tenant Improvement Loans

Tenant improvement loans to a lessee will require a written agreement with the owner of the subject property. In cases where the lessee is paying for real property improvements, the owner of the leased structure must agree to the following:

1. Restrictions on rental escalations within limits established by The City.
2. Right of the tenant to remain on the premises and option(s) to renew the lease for the period of the loan to enable the orderly retirement of the debt.

IX. LOAN APPLICATION POLICIES AND PROCEDURES

A. General

A loan application packet is to be completed for each Commercial District Revolving Loan Fund proposal. Applications received in conformance with program guidelines will be reviewed and evaluated by Planning Department staff. Applications determined to be eligible for funding will be placed on the agenda for the next NCC meeting. If an application is incomplete or additional information has been requested by Staff, the applicant must provide the requested documentation within 15 days of written request. Failure to do so is grounds for rejecting the application. Application packets can be obtained by contacting The City of Oklahoma City's Planning Department staff.

B. Application Procedures

1. The applicant must complete a loan application packet. Initial screening of the application will be performed by Planning Department staff, who will inform the applicant whether the project appears to be acceptable or, the reason(s) the project does not meet the program objectives.

2. The Application packet will consist of all of the following documents that relate to the business proposal. (See Appendix B)

Application packet Documents Required	Startup (3 years or less)	Existing Business
General Release	X	X
Job Development Statement	X	X
Loan Application	X	X
Personal Financial Statement (all owners of 20% ownership share or more)	X	X
Business Plan including <ul style="list-style-type: none"> • Financial Projections • Projected Income & Cash Flow Statements • Projected Balance Sheet 	X	X
Business Legal Documents <ul style="list-style-type: none"> • Sole Proprietorship – Filing of Fictitious Name • Partnership – Partnership Agreement, Partnership Resolution • Corporation - Copy of Articles of Incorporation, Corporate Resolution & Bylaws • Limited Liability Company – Articles of Organization, Certificate of Limited Liability Company, Operating Agreement 	X	X

Personal Tax returns for the last three years (all owners of 20% ownership share or more)	X	X
Verification (quote) for Workers Compensation & Business Liability Insurance	X	X
Current Credit Report (all owners of 20% ownership share or more)	X	X
Copy of Purchase Agreement (if applicable)	X	X
Real Property & Equipment Appraisal report (if applicable)	X	X
Real Estate Development Plan (if applicable)	X	X
Environmental Site Assessments (if applicable)	X	X
Business Tax Returns for the last 3 years (if applicable)	X	X
Business Financials <ul style="list-style-type: none"> • Income Statement (not older than 90 days) • Balance Sheet (not older than 90 days) • Cash Flow Statements (not older than 90 days) • Accounts Receivable (not older than 90 days) • Accounts Payable (not older than 90 days) 		X

3. All applicants must use the authorized application packet obtained from the City’s Planning Department and any other application forms as adopted or changed from time to time by The City. An original and two copies of the application packet should be delivered to:

City of Oklahoma City
Planning Department
Commercial District Revolving Loan Fund
420 W Main St, Suite 900
Oklahoma City, Ok 73102

C. Applications Submitted by/with a Participating Lender

When a loan applicant applies for and receives a financial commitment from a bank, applicants must agree that The City, at its discretion, may contact the lender directly at any point during the pre-loan and loan process and may request and receive copies of any or all documentation provided to the participating lender in fulfillment of the lender’s underwriting requirements. At a minimum, in addition to The City’s application packet, The City will require the following documentation:

1. The conditional commitment letter from the lender, if available at the time of the application that states “but for the RLF assistance”, the loan would not be approved. This documents that The City is not replacing private financing or competing in the private lending market.

2. Additional terms and conditions of financing required by the participating lender, and a written explanation from the applicant stating how these conditions will be satisfied.
3. Copy of the completed appraisal report with estimated value “subject to completion”. (If applicable)
4. Lender’s preliminary title commitment. (If applicable)
5. Project timeline.
6. Sources and Uses of funds table that describes the total amount of project funding, where the money will come from (i.e., loans, cash equity, etc.), and how the money will be used
7. Operating proformas. This includes an income and cash flow statement and projected balance sheet for the upcoming three years
8. Fully executed Intercreditor Agreement between The City and the participating lender.

X. LOAN REVIEW PROCESS AND PROCEDURES

A. General

The loan review process described in this section applies to all Commercial District Revolving Loan Fund applications submitted to The City for consideration of funding.

B. Staff Review

1. City Planning Department staff will review and evaluate all RLF applications to determine eligibility, project feasibility, and compliance with program guidelines.
2. Following review of the application, staff will prepare a loan summary and recommendation for NCC regarding the amount and use of loan funds. An initial consultation with the applicants may be requested prior to presentation of the proposal to NCC if outstanding issues must be discussed or resolved.
3. If additional documentation is required from the applicant, staff will notify the designated contact person in writing or by email following initial review. Incomplete applications will be placed on hold until all requested items are received. If applicant fails to

provide requested information within fifteen (15) business days from the date of request, the application will be rejected.

4. Applications determined to be complete and qualified will be presented to the NCC at the next regularly scheduled meeting.

C. Neighborhood Conservation Committee Review

1. Regularly Scheduled NCC meetings are held in the City Council Conference Room at City Hall, which has as its address 200 N. Walker, OKC, OK. Applicants will be notified in writing or by email of the NCC meeting date once the proposal is placed on the agenda. The applicant must be present at all meetings in which the proposal will be discussed.

2. Staff will employ generally accepted lending practices and loan evaluation procedures in review of loan applications. The NCC will consider each application on the basis of the information provided in the Staff written recommendations and criteria established in the underwriting standards (Section VIII.C.). Upon review, the Committee may take any of the following actions:

- a. Recommend that the loan be approved and forwarded on to City Council for final approval as presented, or with additional conditions; or
- b. Recommend that the loan be denied and state the specific reason for disapproval; or
- c. Return the application to Staff for additional work, modification or revision, and possible resubmission to NCC at a later date.

3. If the NCC recommends that the loan be approved, all necessary environmental reviews and necessary HUD releases must be complete before presentation to City Council.

D. City Council Review

The Council will be presented for consideration all loan applications and loan documents recommended for approval by the NCC. In considering a loan application recommended for funding by the NCC, the Council may take action including the two actions outlined below:

1. The Council may approve the loan and authorize the Mayor to sign the Loan Agreement and Intercreditor Agreement at the time of approval. Council may also authorize within the Resolution the future signing of related loan documents for the closing and future loan servicing requests and security releases.

2. The Council may deny the loan. In such cases, staff may be instructed to draft a denial letter for signature by the Mayor, or the Council may refer the application back to the NCC for modifications.

XI. LOAN CLOSING PROCESS AND PROCEDURES

A. Loan Closing Procedures - The City Planning Department is responsible for the following activities to close the loan:

1. Coordination with a participating lender to establish the date and time of closing, if applicable;
2. Preparation of, and coordination with City legal counsel to facilitate legal review of loan documents;
3. Presentation of the NCC loan recommendation to City Council for final approval and;
4. Preparation of closing instructions, if applicable.
 - a) For tandem loans, real estate-collateralized loans shall be closed simultaneously with the participating lender loan. Closing for real estate collateralized loans shall be administered by a title company in accordance with instructions provided by The City.
 - b) If there is a participating lender, non-real estate collateralized loans may be closed after the participating lender loan, and such closings may be administered by the staff. Borrowers may acquire legal consultation at their own expense to assist in preparation of adequate security and collateral documents necessary to complete the transaction. These documents are subject to legal review by the Municipal Counselor's Office.
 - c) All applicable tax and insurance payments must be escrowed by the senior lien holder.

B. Closing Fees

Applicant is responsible for all fees and costs associated with the loan transaction, to include preparation of the senior lien loan closing documents, subordination agreement(s), recording fees, and escrow closing fees. The City is not responsible for the payment of closing fees. All fees must be paid through the loan closing with the senior lender. The

City's financing will be closed simultaneously with the senior lien whenever feasible.

XII. LOAN DOCUMENTS

A. Loan Documents

1. Each loan recipient shall execute a Promissory Note, Loan Agreement, Mortgage, Security Agreement, Financing Statement(s), Personal Guaranty(s), and/or other documents established under the Commercial District Revolving Loan Fund requirements.

2. Loan documents will be drafted by Planning Department staff. All documents must be submitted to the Municipal Counselor's office for legal review prior to City Council review.

3. For loans with a participating private sector lender, The City and the participating lender shall execute an Intercreditor Agreement establishing the relative priority of each party's security interest in the loan, and specifying the terms of loan servicing responsibilities for the life of the loan.

4. A mortgage securing real property must specifically prohibit deferred maintenance and require upkeep and repairs to the property. Assisted businesses must take reasonable action to ensure that secured assets do not depreciate in value as a result of neglect.

5. The City must be provided with a fee simple title commitment free from liens and encumbrances for all real estate secured by the mortgage; less and except the approved senior lien(s).

6. A boundary survey may be required at the City's discretion.

7. All original loan documents will be returned to The City's Planning Department after closing. Files will be retained in a secure location until such a time as The City has been fully repaid or the investment has been recognized as bad debt by The City due to nonpayment or foreclosure.

B. Loan Conditions

The Loan Agreement will set forth the terms and conditions of the loan, including but not limited to:

1. Specification of the loan amount, interest rate, amortization period and term of the loan;

2. Specification that final approval of the drawdown of funds for the loan be obtained from The City;
3. Specification of The City's security interest in the collateral or other alternative security arrangements;
4. Stipulation that The City's commitment to make the loan will expire if conditions set forth by Council are not met within twelve (12) months from the date of City Council Resolution.
5. The Loan Agreement between The City and the Borrower must specifically authorize The City the ability to communicate with the senior lender(s) during loan delinquencies, collections, foreclosure actions, repossessions, and/or deficiency judgments related to the subject loan.

XIII. FEES

The City will not charge an application fee for initial proposals.

XIV. FUNDING

A. City Serviced Loans: Draw Down and Funding Procedures

1. Funds may be made available at closing for land acquisition and/or for the purchase of furniture, fixtures, and equipment. Expenses must appear as individual line items on the settlement statement. The City must be provided with copies of the invoice(s) and a preliminary settlement statement within ten (10) days prior to closing.
2. Once The City has certified that all conditions of the loan approval have been met and the closing has been completed, the borrower may begin submitting invoices to the City as expenses are incurred. Funds will be subsequently disbursed in accordance with the Loan Agreement.
3. The borrower will receive payments electronically. A completed "Authorization Agreement for Electronic Funds Transfer" must be provided with required documents. Staff will provide a copy of this form upon request.

B. Bank Serviced Loans: Drawdown and Funding Procedures

1. Funds may be made available at closing for land acquisition and/or for the purchase of furniture, fixtures, and equipment, but requested expenditures must appear as individual line items on the settlement statement. The City must be provided with copies of the applicable invoice(s), Purchase Agreement, and a preliminary settlement statement within ten (10) days prior to closing. Closings should be scheduled sufficiently in advance to accommodate the time needed for processing the wire request.

2. After The City has confirmed that all conditions of loan approval have been met, the participating lender may schedule the closing. The City will provide all funds (exclusive of any loan funds disbursed at closing) to the senior lien holder for equitable pro rata disbursement, as authorized in the required Inter-Creditor Agreement. The applicant will be required to submit an invoice to The City for the full amount of the loan.

3. The participating lender will place the Commercial District Revolving Loan Funds in an individual account controlled by the bank, and will disburse funds to the borrower as draws are received. All City funds must be drawn down on a pro rata basis with other financing sources.

4. After funds have been wired to the participating lender for pro rata disbursement, timely draws are required. If the first draw has not been made within 60 days from the date of the wire, The City reserves the right to demand full repayment of the loan.

C. Other Funding Requirements

1. If the loan has not closed within three (3) months of City Council approval, the borrower must provide a revised project timeline and a written request for The City's continued commitment to the project.

2. If the borrower is not yet registered as a City vendor, a completed W-9 Form must be provided to The City two (2) weeks prior to closing.

3. The borrower must provide The City with a general liability insurance certificate with a minimum coverage of the amount of the loan. The City of Oklahoma City must be listed as an additional insured.

XV. LOAN SERVICING AND MONITORING

A. Loan Servicing Responsibility

The responsibility for servicing Commercial District Revolving Loan Fund loans shall be carried out by The City of Oklahoma City's Planning Department Staff, or if so authorized under an Intercreditor Agreement by the senior lien holder. Loan servicing functions will include, but not be limited to the following actions:

1. Receipt and deposit of monthly RLF payments to The City.
2. Release of liens as required upon satisfaction of debt.
3. Responsibility for the foreclosure and/or repossession of properties or other collateral securing loans made by The City.
4. Responsibility for the liquidation of real estate or other collateral to either partially or completely satisfy the debt of the borrower.
5. Collection of delinquent loans will be accomplished by the designated servicer with the aid of other support staff, including but not be limited to, City legal staff, outside legal counsel, skip tracers, collection agencies, the senior lender loan underwriting staff, and/or the individual responsible for originating the loan.
6. Restructuring of loans (troubled debt restructuring) will be considered on a case-by-case basis initially by City Planning staff, if approved, then to NCC, if approved then to City Council for final approval.

The City shall retain the right to communicate with both lender and borrower regarding account status throughout the repayment period.

B. Loan Subordination

1. All requests for loan subordinations must be submitted in writing to The City of Oklahoma City's Planning Department. The following documentation shall accompany each request:
 - a) A written cover letter detailing the reason for the request.
 - b) A comparison of the existing loan terms and the proposed loan terms.
 - c) A current third party property appraisal for collateralized land and buildings reflecting an "as is" estimate of value.
 - d) Loan commitment letter, Good Faith Estimate, Truth in Lending Statement, title commitment, and terms of repayment from the lender for the proposed transaction.
 - e) Itemization of additional collateral to be offered to The City.

2. Rate and term refinances must result in a reduced rate and/or a reduction in repayment term that is financially advantageous to the applicant.
3. Applicants must demonstrate sufficient financial capacity to manage the proposed debt service.
4. Subordinations are neither routine nor automatic. Each request will be evaluated on its own merit.

C. Loan Assumption

1. All persons wishing to assume a current Commercial District Revolving Loan Fund loan must complete the standard application packet used for new transactions (Appendix B).
2. Applicants for assumptions must qualify on their own merit and demonstrate sufficient financial and organizational capacity to meet the financing terms of the loan. Requested changes to the existing loan terms will be treated as a new application subject to City Council approval.
3. If the participating lender will be paid in full by the assumption, The City will require first lien position. Source of funds must be documented and a release of lien must be filed prior to City approval of the assumption request. If the senior lien will be assumed by the applicant, documentation from the lender must be provided to confirm the conditions of approval and/or modifications to the existing loan terms.

D. Restructuring Requests

All subordination, refinancing and assumption requests, substantial changes and proposed modifications to the existing loan terms shall be reviewed by the Neighborhood Conservation Committee and presented for review and consideration by City Council. Planning Department Staff can administratively approve or deny requests that do not represent a significant departure from the existing terms and operations.

E. Monitoring, Reviews and Inspections

1. For loans secured by real estate, an annual site visit may be conducted to evaluate the overall condition of the subject property.
2. The City will periodically inspect and review non-realty collateral for business loans based upon a risk-based assessment of need. For

loans secured by furniture, fixtures, equipment and inventory or raw materials, visits to the business will be made at The City's discretion.

3. The City may request annual income and expense reports from businesses and borrowers assisted by the program to determine if they are performing acceptably, and that long term operations remain stable. For projects showing negative cash flow, a plan for remediation will be required.

4. The City will track past due payments for all loans on a 30 and 60 day basis. All loans which are over 90 days delinquent may be considered for collection efforts up to and including legal action, foreclosure or engagement of a collection agency.

XVI. PROGRAM COMPLIANCE

A. Federal Requirements

The City of Oklahoma City's Planning Department staff shall administer the Commercial District Revolving Loan Fund in compliance with the statutes identified in Section I herein. These regulations require, but are not limited to, compliance with the following:

1. Section 104 of the Housing and Community Development Act of 1974, as amended and 24 CFR Part 58, which prescribe procedures for environmental quality and historic preservation.

2. The Architectural Barriers Act of 1968 (42 U.S.C. 4151-4157), where applicable, which prescribes standards for the design, construction, and alteration of buildings to ensure, whenever possible, that physically handicapped persons will have ready access to the use of the buildings.

3. OMB Supercircular, 2 CFR Part 200 et al, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, which prescribe fiscal and contractual procedures for the administration of federal grants.

4. Nondiscrimination requirements of Title VI of the Civil Rights Act of 1964 (P.L. 88-352) and federal regulations 24 CFR Part 1 which implement the Act.

5. Equal opportunity requirements of Section 109 of the Housing and Community Development Act of 1974, and equal employment opportunity requirements of Executive Order 11246.

6. Provision of opportunities for training and employment to lower income residents of the project area and contracting opportunities for local business concerns in accordance with Section 3 of the Housing and Community Development Act of 1968.

7. Air and water acts, including the Clean Air Act, as amended (42 USC 7400 et seq.), the Federal Water Pollution Control Act, as amended (33 USC 1251, et seq.), and the regulations of the EPA, 40 CFR Part 15.

8. Lead-based paint regulations, 24 CFR Part 35, where applicable, which require the inspection of properties to determine the existence of lead-based paint on exterior or interior finishes.

9. The National Flood Insurance Act of 1968, as amended, and the Flood Disaster Protection Act of 1973, which require that flood insurance be obtained for federally assisted projects located in flood plains.

10. Contractors or subcontractors who have been disbarred or suspended under provisions of 24 CFR Part 24 shall be ineligible for participation in the Commercial District RLF program.

11. Compliance with the Federal Funding Accountability and Transparency Act as may be required.

B. Other Requirements

Applicants must also comply with the following requirements:

1. Loan applicants must provide a plan for the relocation of residents who are displaced as a result of project rehabilitation or property transfer in accordance with the Uniform Relocation Act 49 CFR Part 24, and proper disclosures must be provided at the initiation of negotiations.

2. Loan recipients will be required to adhere to all Federal, State, and Local Statutes and City Codes, rules and requirements.

3. Requirements of Section 701(a) of the Equal Credit Opportunity Act, 12 U.S.C. 1601,

4. Obtain a Data Universal Numbering System (DUNS) number from Dun and Bradstreet.

XVII. CONFLICT OF INTEREST

No person who is an employee, agent, consultant, officer or elected or appointed official of either the senior lender or The City of Oklahoma City during their tenure or for one year thereafter, shall be allowed to have interest, direct or indirect, either for themselves or those with whom they have family or business ties, in the proceeds of any Commercial District Revolving Loan Fund loan, or in any contract entered into by the borrower for performing work financed, in whole or in part, with the proceeds of any RLF financing.

APPENDIX A: MAPS OF ELIGIBLE AREAS

N 63rd

N 50th

N 36th

N 23rd

N 10th

Reno

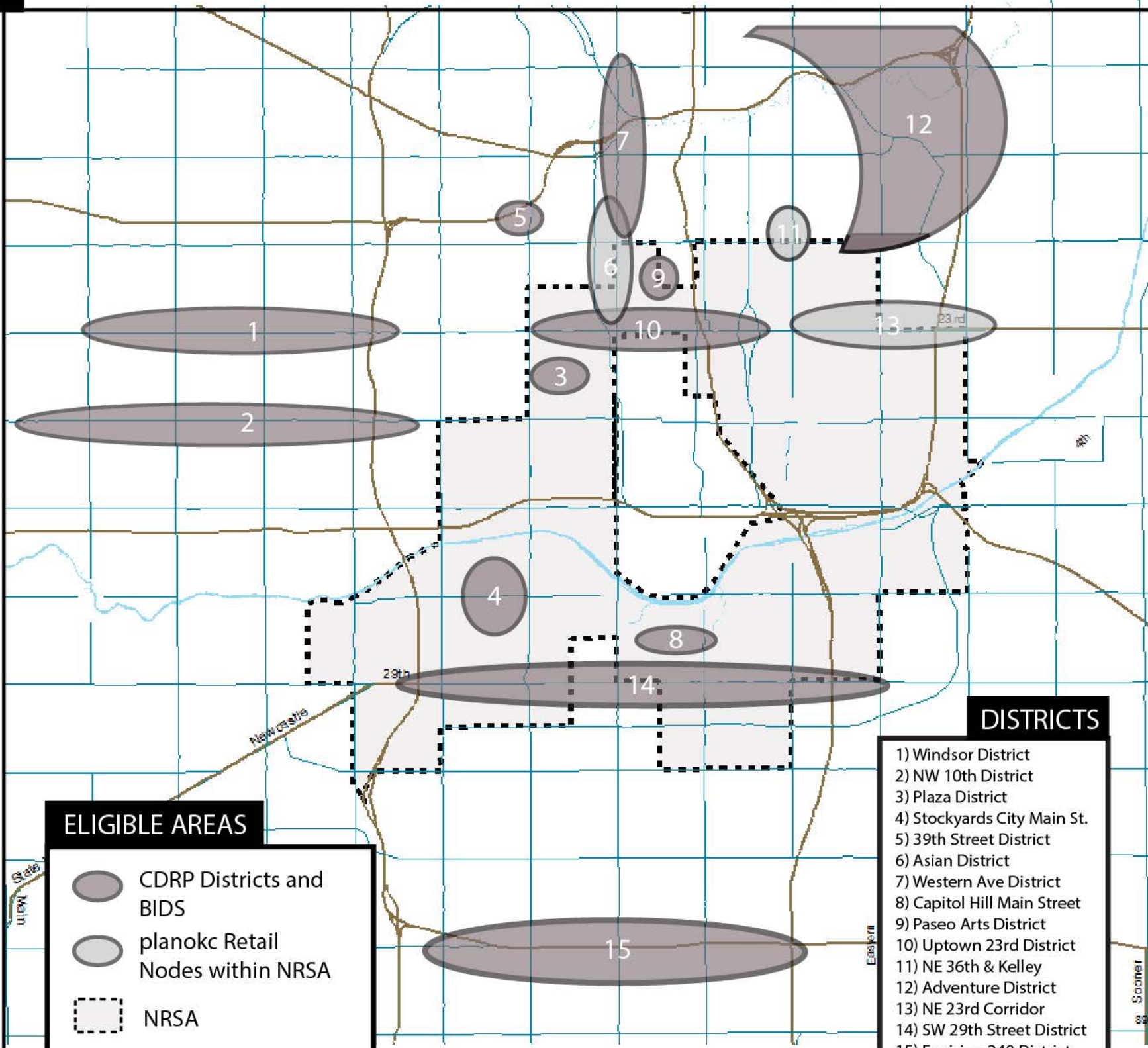
S 15th

S 29th




S 44th

S 59th

S 71st



ELIGIBLE AREAS

-  CDRP Districts and BIDS
-  planokc Retail Nodes within NRSA
-  NRSA

DISTRICTS

- 1) Windsor District
- 2) NW 10th District
- 3) Plaza District
- 4) Stockyards City Main St.
- 5) 39th Street District
- 6) Asian District
- 7) Western Ave District
- 8) Capitol Hill Main Street
- 9) Paseo Arts District
- 10) Uptown 23rd District
- 11) NE 36th & Kelley
- 12) Adventure District
- 13) NE 23rd Corridor
- 14) SW 29th Street District
- 15) Envision 240 District

N 63rd

N 50th

N 36th

N 23rd

N 10th

Reno

S 15th

S 29th

S 44th

S 59th

S 71st

Sub-Areas

Northwest

North-Central

Northeast

South-Central

ELIGIBLE AREAS

- CDRP Districts and BIDS
- planokc Retail Nodes within NRSA
- NRSA

- 1) Windsor District
- 2) NW 10th District
- 3) Plaza District
- 4) Stockyards City Main St.
- 5) 9th Street District
- 6) Asian District
- 7) Western Ave District
- 8) Capitol Hill Main Street
- 9) Paseo Arts District
- 10) Uptown 23rd District
- 11) NE 36th & Kelley
- 12) Adventure District
- 13) NE 23rd Corridor
- 14) SW 29th Street District
- 15) Envision 240 District

Northwest

Council

Rockwell

MacArthur

Meridian

Portland

N 39th Expy

N 23rd

N 10th

Reno

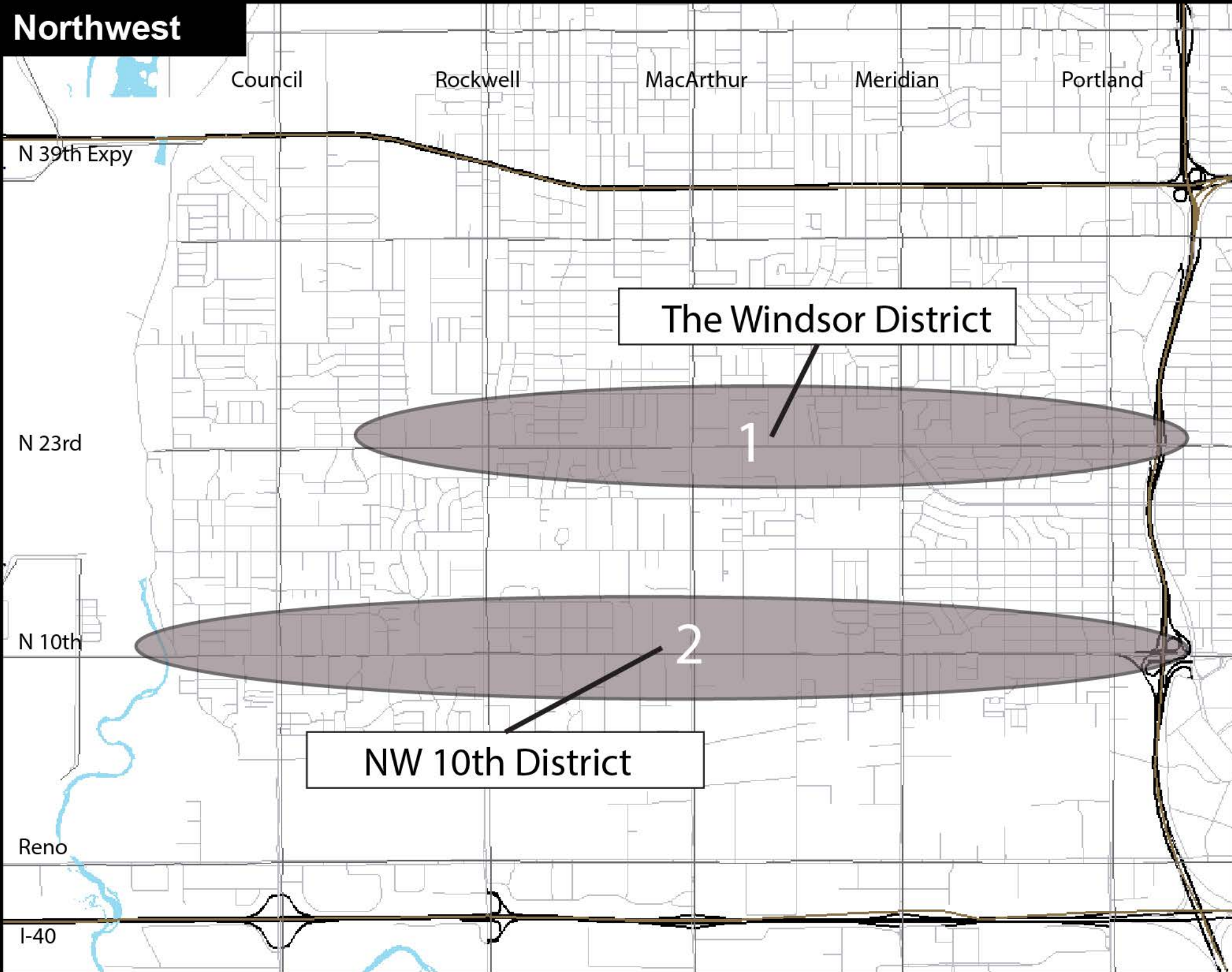
I-40

The Windsor District

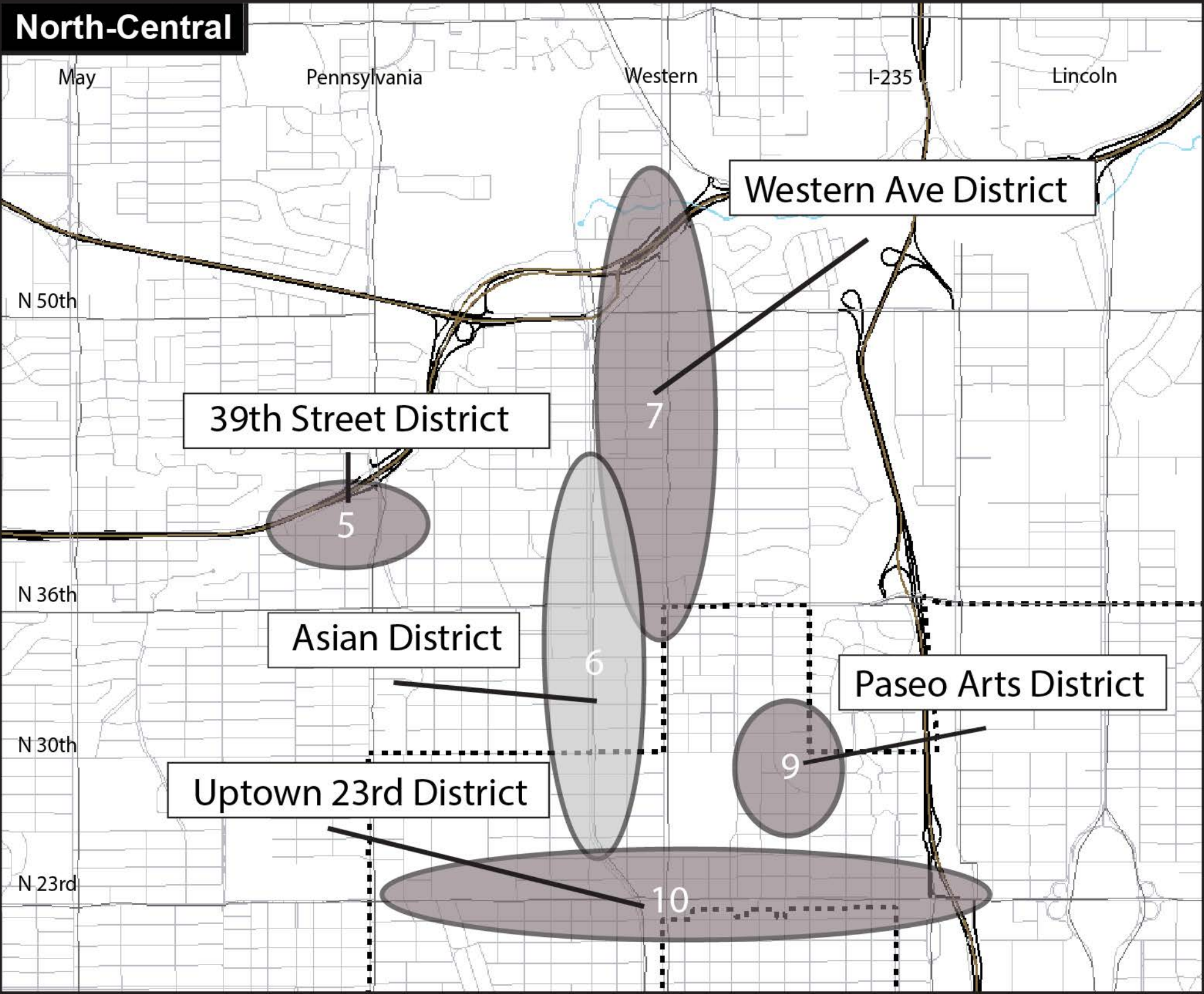
1

NW 10th District

2



North-Central



Northeast

Kelley

Grand

MLK

I-35

Coltrane

N 63rd

I-44

N 50th

N 36th

N 23rd

Adventure District

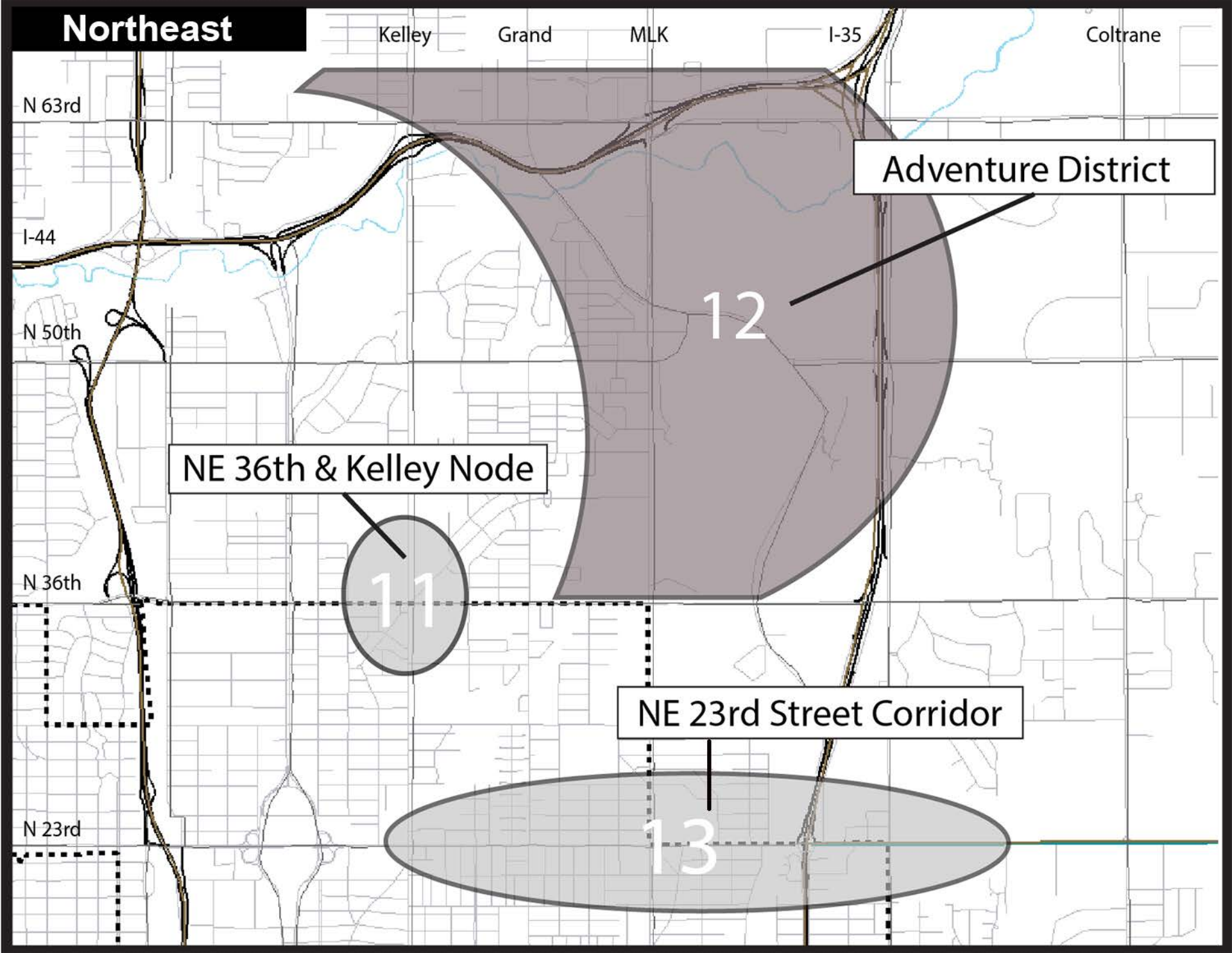
12

NE 36th & Kelley Node

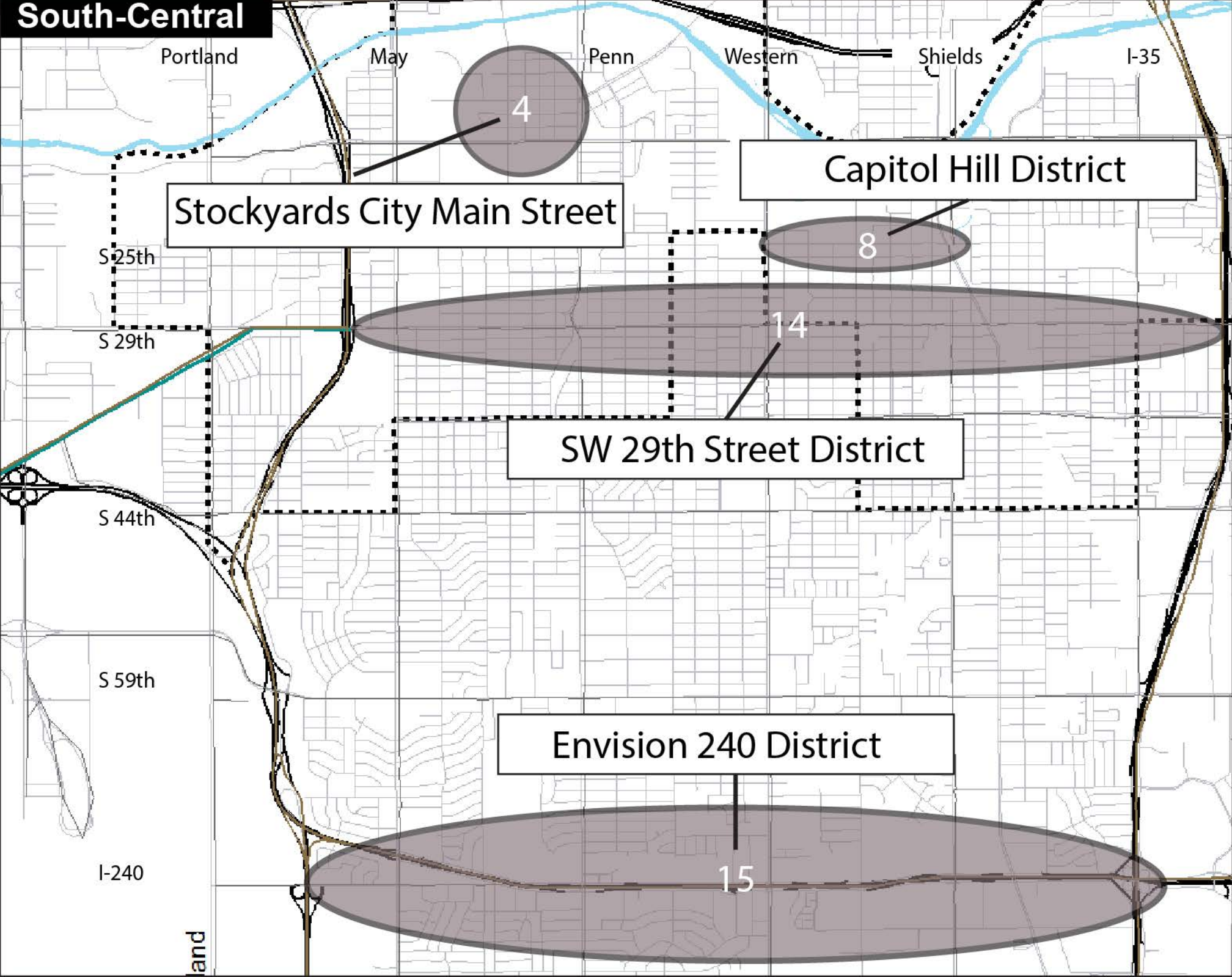
11

NE 23rd Street Corridor

13



South-Central



APPENDIX B: APPLICATION PACKET

TO APPLY FOR A LOAN THROUGH OKLAHOMA CITY'S COMMERCIAL DISTRICT REVOLVING LOAN FUNDS THE FOLLOWING MUST BE COMPLETED AND SUBMITTED FOR REVIEW.

✓	Document	Date Submitted
	1. General Release	
	2. Job Development Statement	
	3. Loan Application	
	4. Personal Financial Statements on all owners of 20% or more	
	5. Business Plan (includes the financials listed below)	
	Financial Projections (by month for the 1 st year & by quarter for 2 nd & 3 rd year)	
	➤ Estimated Money Needs and Loan Usage	
	➤ Projected Income and Cash Flow Statement (Profit & Loss statement)	
	➤ Projected Balance Sheet	
	Business Type (Documents needed depend on type of business)	
	➤ Sole Proprietorship – Filing of Fictitious Name	
	➤ Partnership – Partnership Agreement, Partnership Resolution	
	➤ Corporation - Copy of Articles of Incorporation, Corporate Resolution & Bylaws	
	➤ Limited Liability Company – Articles of Organization, Certificate of Limited Liability Company, Operating Agreement	
	6. Personal Tax Returns (last three years)	
	7. Verification (quote) for Workers Compensation & Business Liability Insurance	
	8. Current Credit Report on all owners of 20% or more (if available)	
	9. Copy of Purchase Agreements (if applicable)	
	10. Real Property and Equipment Appraisal Report	
	11. Environmental Reviews	
	12. Business Tax Returns (last three years)	
	13. Business Financial Statements (last three years)	
	14. Current Business Financial Statements	
	➤ Income Statements (not older than 90 days)	
	➤ Balance Sheet (not older than 90 days)	
	➤ Accounts Receivable Aging	
	➤ Accounts Payable Aging	

*If any information requested is not available, please attach a written explanation (if applicable).

4. **Permanent jobs retained at location:** (Please describe all of the new employment positions to be retained as a result of this loan.)

Job Title	Brief Description of Duties & Tasks	Est. Hours worked/week	Est. Hourly Wage	Est. Mo/Yr Job Creation

I hereby certify that the information provided is accurate to the best of my knowledge:

Client Signature

Date

Client Signature

Date

COMMERCIAL DISTRICT RLF LOAN APPLICATION

 NEW APPLICATION
 RENEWAL
 CHANGE

1. INFORMATION ABOUT YOUR BUSINESS				DUNS #	
Legal Business Name/Borrowing Entity	Street Address	City	State	Zip	
Mailing Address (if different than above):					
Contact Name	Telephone Number	Fax Number	Tax I.D. No.(EIN) or Social Security No.		
NATURE OF YOUR BUSINESS: <input type="checkbox"/> Service <input type="checkbox"/> Agriculture <input type="checkbox"/> Other <input type="checkbox"/> Retail <input type="checkbox"/> Wholesale <input type="checkbox"/> Manufacturing		TYPE OF BUSINESS <input type="checkbox"/> Individual* <input type="checkbox"/> S Corporation <input type="checkbox"/> LLC <input type="checkbox"/> Limited Partnership* <input type="checkbox"/> Corporation* <input type="checkbox"/> Proprietorship* <input type="checkbox"/> General Partnership <input type="checkbox"/> Other			
*CORPORATION RESOLUTION, PARTNERSHIP AGREEMENT OR ENTITY IDENTITY MAY BE REQUIRED.					
2. PRINCIPAL OWNERS					
Name	Social Security No.	Address & Zip Code	% of Ownership	Title	Phone No.
3. BUSINESS REFERENCES					
Please list major customers: Name		Address	Name of Contact	Phone No.	% of Sales
Please list major trade suppliers: Name		Address	Name of Contact	Phone No.	% of Purchases
4. OTHER INFORMATION					
1.	Is business involved in any claim or lawsuit?			<input type="checkbox"/> Yes	<input type="checkbox"/> No
2.	Are there any taxes not currently paid or in dispute?			<input type="checkbox"/> Yes	<input type="checkbox"/> No
3.	Is the business liable for any amounts via leases, guarantees, commitments or other contingency agreements?			<input type="checkbox"/> Yes	<input type="checkbox"/> No
4.	Has the business ever been declared bankrupt or had a judgment against it?			<input type="checkbox"/> Yes	<input type="checkbox"/> No
5.	Has applicant or any owner declared bankruptcy in the last 10 years?			<input type="checkbox"/> Yes	<input type="checkbox"/> No
6.	Is any collateral offered pledged to other creditors?			<input type="checkbox"/> Yes	<input type="checkbox"/> No
7.	Have you had an IRS or state tax audit in the last 3 years?			<input type="checkbox"/> Yes	<input type="checkbox"/> No
IF YES TO ANY QUESTION, PLEASE ATTACH DOCUMENTATION.					

5. LOAN REQUEST INFORMATION

Loan Amount Requested: \$	Months to repay or payments requested
---------------------------	---------------------------------------

6. SOURCES FOR REPAYMENT:

WHAT WILL BE YOUR PRIMARY SOURCE OF REPAYMENT?

SECONDARY SOURCE OF REPAYMENT?

NOTE: If personal income is listed as a source of repayment, you need not include income from alimony, child support, or separate maintenance payments unless you wish to rely on such income as a basis for repayment of the loan.

7. PROPOSED COLLATERAL: Please describe and supply current market value (including any assets to be acquired with proceeds)

Equipment	Market Value	Accounts Receivable	Market Value
Inventory	Market Value	Real Estate	Market Value
Other	Market Value	Other	Market Value

8. EXISTING INDEBTEDNESS: Furnish the following information on loans and obligations which are currently outstanding. Please check any existing indebtedness that you plan to pay off with this loan.

Payable to	Original Amount	Original Date	Current Balance	Interest Rate	Maturity Date	Monthly Payment	Collateral	Current or Past Due
	\$		\$			\$		
	\$		\$			\$		
	\$		\$			\$		

PLEASE INCLUDE THE FOLLOWING INFORMATION (if applicable):

- * Current interim financial statements
- * The last three years' financial statements
- * The last three years' tax returns
- * Budget or cash flow projections for the next 12 months
- * Owner(s) financial statements
- * Current aging of accounts receivable
- * Appraisal of collateral, inventory ,property ,etc.
- * Copy of existing lease or purchase agreement
- * Articles of Incorporation and By-laws or Partnership Agreement
- * List of major business equipment to be purchased
- * Personal financial statements for all guarantors
- * Business plan or proposal including resumes

9. CERTIFICATION AND SIGNATURES

The undersigned certifies that all statements in this Application and on each document required to be submitted in connection herewith, including federal income tax returns, are true, correct and complete. The undersigned authorizes The City of Oklahoma City (City) to make such inquiries and gather such information as it deems necessary and reasonable concerning any information provided to the City on this application or on any such required document, including inquiries to the Internal Revenue Service and any local credit bureau reporting agencies. The undersigned further agrees to notify the City promptly of any material change in any such information. The undersigned agrees that the City may provide a copy of this application to any affiliate or subsidiary.

By (Authorized Signature) _____ Title _____ Date _____

By (Authorized Signature) _____ Title _____ Date _____

BUSINESS PLAN OUTLINE

The following sections are commonly included in a well-written business plan. Each section should be addressed in paragraph form as thoroughly and concisely as possible. It may look overwhelming, but if you take one section at a time, it is not as hard as it looks.

- **Cover Sheet - Business Name and Owners**

What is the name of your business?

Who is the owner(s) of this business?

What is the address of each owner including telephone number and email?

- **Product and Service Description**

What products or services does your business offer?

- **Location and Facilities**

Where is your business physically located or where do you propose to locate your business?

Describe your building and facilities, both existing and proposed.

Do you currently own or are you looking to purchase the facility? If purchase, include from whom and terms of purchase agreement (*May be an attachment*).

Describe access to existing or proposed facility.

- **Business Description**

What are the goals/objective of this business?

Is your business new or existing?

Why do you want to start, expand or buy this business? (*History of the business*)

If your business is expanding, include significant events—reputation, image, length of time in business, number of employees, last year's sales volume and profit.

- **Economic Impact**

How many people do you currently employ?

How many people will be employed during the redevelopment process if you obtain funding?

How many permanent positions will be created due to this business?

What are your current gross revenues?

What do you anticipate your gross revenues to be if you obtain funding?

Are there other businesses in the area that depend on your business for their success?

How does/will the success of your business influence the town in which it is located?

- **Availability of Needed Resources**

Are the raw materials available to support your business?

Describe your contractors including architect, general contractor, and sub contractors: who they are—name and address.

Are their prices steady or do they fluctuate—if so, how will you deal with changing costs?

Describe any challenges for the finished product.

BUSINESS PLAN OUTLINE

- **Competition**

Describe your competitors: who they are—name and address.

What do their businesses feature, include size and how long have they existed (*reputation*)?

Why will customers choose to do business with you as opposed to your competitors?

Compare price, location, reputation, features, and quality of your business.

Compare your estimate of the market demand and what the competitors already supply.

How much of the total market do you anticipate capturing?

- **Marketing Strategy**

Describe the current trends in your market/industry.

How big is the market for your business: both geographically and number of potential customers?

How will you promote your business? (*Advertising, direct mail, etc.*)

What makes your business attractive to customers?

- **Organization and Management**

Will/do you operate as a sole proprietorship, partnership, corporation (*Include appropriate documentation for partnerships, and corporations as attachments*)

Describe the management structure and key responsibilities of owners and key employees. (*Include resumes as attachments*)

Describe your training program for new employees.

What financial records are kept and who is responsible for keeping them?

- **Financial Analysis**

What is the owner(s) investment in this Business? (*Cash, equipment, labor, etc.*)

What liabilities does the business have? (*Itemize to whom, for what, how much, and current financial arrangement*)

Describe the Business to be financed: where will the money come from and how much, and how, in detail, it will be used.

Include a projected cash flow for the first year by months, years two and three by quarters.

Include a projected income statement as above.

Include all key assumptions associated with your financial projections.

- **Implementation Plan**

What is your time table for this project?

- **Supporting Documents (When applicable)**

- Lease Agreements

- Letters of Intent

- Contracts

- Purchase Agreements

- Technical Specifications

- Letters of Reference

- Personal Resumes

- Personal Financial Statements

- Anything in relevance to the business plan

- Environmental Reports