

# **Fremont DDA Revolving Loan Fund Program Guidelines**

## **Introduction**

The Fremont Downtown Development Authority (DDA) established the Fremont DDA Revolving Loan Fund Program to promote economic development within the City of Fremont. The Program is administered by the Fremont DDA's Façade/Historic Preservation Subcommittee. The City's Neighborhood & Economic Development Director staffs the Program.

The City of Fremont's DDA Revolving Loan Fund is a unique financing program designed to assist businesses in Downtown Fremont make improvements to their building/business. The goal of the fund is to stimulate economic growth and create or preserve jobs by providing flexible financing to businesses.

There is a need in downtown Fremont to improve the appearance of property facades. Many of the buildings are older than 50 years and are in need of repair and upgrades. Because the appearance of individual buildings, storefronts, signs, etc. establish the visual character of the downtown and plays a major role in the marketing success of the downtown business district, the City of Fremont's DDA is pleased to present this opportunity for qualified applicants to help finance the costs associated with building/business improvements.

## **Program Goals**

Specifically, the Fremont DDA Revolving Loan Fund Program Goals are as follows:

- Retain the strong downtown commercial base (retain jobs)
- Promote new economic development (create new jobs)
- Encourage investment to maintain properties of which many are historic in nature
- Alleviate deterioration within the downtown area

## **Program Purpose**

The purpose of the DDA Revolving Loan Fund Program is to encourage improvements to commercial downtown facades. The loan money is intended to provide financial incentives for quality façade development.

It is also the intent of the program to strengthen the economic viability of downtown Fremont by improving the exterior physical appearance of buildings. The public perception of the downtown retail district has a great deal of influence on its economic success. By improving its physical appearance, the downtown will have a much greater potential for attracting and retaining business, as well as creating an image of strong economic health and vitality.

## **Program Target Area**

The target area for the Program is the four-block commercial core located on Main Street in Fremont between Merchant and Mechanic Avenues. The four blocks extend south to Sheridan and north to Dayton Streets. This four-block area is the focal point of the City and is where other economic development efforts are being focused.

## **Types of Loans Available**

Façade Improvements: Loans that finance the improvement of exteriors in relation to a business site.

After the DDA has assisted with the implementation of façade improvements in Downtown Fremont, the DDA may expand the revolving loan program to include the following types of loans:

Working Capital: Loans that pay for the cost of business operations.

Machinery/Equipment: Loans that finance acquisition of machinery and equipment in the operation of the business.

Fixed Assets: Loans used for leasehold improvement renovations, expansions of structures or purchase of fixed assets.

## **Available Loan Amounts**

Eligible applicants may request loan amounts from a minimum of \$500.00 to a maximum of \$25,000.00 per building.

## **Eligibility**

- Owners of real property within the City of Fremont
- Property located in the target area Downtown Fremont
- Demonstrate ability to repay the loan
- Property taxes and utility obligations must be current
- Provide design plans for building renovation that are consistent with the Fremont Façade Design Guidelines
- Eligible activities include:
  - Exterior Woodwork and Architectural Metals
  - (Repair, cleaning, restoration, painting or replacement, including shutters)
  - Masonry
  - (Repairs, re-pointing, repainting or low-pressure cleaning)
  - Windows and Doors
  - (Repair, restoration, repainting and replacement in-kind of windows and exterior doors)

- Cornices, Parapets and Roofs
- (Repair, restoration or replacement when in conjunction with a façade renovation or a visible part of the building façade)
- Signs and Awnings
- (Repair or replacement of existing or the installation of new signs and awnings)
- Lighting Fixtures
- (Exterior lighting fixtures for a façade)
- External Entryways (e.g., steps)

### **Ineligible Improvements/Activities**

Items not eligible for loan funds include, but are not limited to, the following:

- Maintenance
- Interior improvements
- Sidewalks
- Landscaping

### **Design Requirements**

Applicant must provide acceptable façade design plans that comply with the Façade Improvement Program Design Guidelines.

### **Project Priorities**

Applications will be processed on a first come-first serve basis as long as funds are available. If more than one application is received at the same time, the DDA Façade/Historic Preservation Subcommittee will make a recommendation to the DDA as to which projects will be funded.

Some of the priorities for funding will be as follows:

- Priority will be given to projects offering visual impact along Main Street
- Projects on corner lots will be given priority
- Projects with a high ratio of private to public dollars
- Projects preserving community institutions (e.g., banks)
- Projects designed to resolve deteriorated/inappropriate/unsightly conditions that have existed for many years
- Projects designed to restore the historic condition of the building façade
- Projects that will result in the remedy of a code violation or blight
- Projects that will result in immediate, tangible change, not to be limited to exterior painting, awnings, signage, etc.

## **Other Programs Available in Fremont for Façade Improvements**

The City of Fremont and its DDA have a grant program, the Fremont Façade Improvement Grant Program, which is available to property owners to renovate their downtown facades. The Revolving Loan Fund Program can work in conjunction with the Fremont Façade Improvement Grant Program. For more information on the Grant Program, contact the City's Neighborhood & Economic Development Director at [mrribant@cityoffremont.net](mailto:mrribant@cityoffremont.net) or at 231-924-2101.

## **Technical Assistance**

If technical assistance is needed, an architect's services are available through the Fremont Façade Improvement Program for no charge up to \$1,500.00 as long as the applicant implements an approved plan that satisfies the Fremont Façade Improvement Program and Design Guidelines. The \$1,500.00 will have to be fronted by the applicant, and it will be refunded at the project's completion.

## **Finance Terms and Conditions**

- Loan size can range from \$500.00 to \$5,000.00.
- 1% fixed interest rate
- Repayment terms up to 5 years

## **Loan Terms**

All borrowers are responsible for repayment to the City of Fremont in monthly installments for up to five years. The number of years for repayment of the loan can be negotiated with the applicant, but it can be no longer than five years.

## **Interest Rate**

Loan fee: A loan fee of 1.0% of the Fund loan amount is charged to the borrower.

Applicants are encouraged to match or exceed the loan amount requested, but the highest ratio of public/private investment is encouraged whenever possible.

## **Application Procedure**

All interested parties who wish to apply for funding through the Fremont DDA Revolving Loan Fund Program will submit a completed application packet to the City of Fremont.

The completed application should include the following:

- A detailed plan that is consistent with the Fremont Façade Improvement Program guidelines and which illustrates the proposed improvements.

- A construction schedule, from start to finish, must be submitted with the application. All required permits must be acquired before the start of construction.
- A detailed break out of all costs, including a signed estimate from a qualified contractor.
- There is a \$25.00 application fee due when the application is submitted. This fee will be refunded if a project is not approved or if the project is approved and completed. Applicants who receive a loan award and do not complete the project will forfeit this application fee.
- Proof that all personal property taxes and utility obligations are current.
- Proof of insurance on the property
- A business plan, demonstrating long-term plans for the business
- A current credit report
- Prior two years, personal tax returns

### **Selection Process**

- The application including required attachments is submitted by the property owner. The City's Neighborhood & Economic Development Director will be the staff person responsible for administering the Fremont DDA Revolving Loan Fund Program. City staff performs an initial review to make sure all necessary documentation has been provided. The application is then reviewed for accuracy and issues of compliance by the DDA Façade/Historic Preservation Subcommittee. The Subcommittee makes its recommendation to the full DDA, and they, in turn, make a recommendation to the Fremont City Council. The Subcommittee should have a banker on the Subcommittee.

Each applicant is limited to no more than one application each year, with priority given to new applicants.

- The City notifies the applicant that his/her project has been accepted for consideration.

- At this point, the application will be evaluated against pre-determined criteria and the United States Department of Agriculture (USDA) will be notified. It is likely that any approved project receiving funds through the Fremont DDA Revolving Loan Fund will have to adhere to the following:
  - Secretary of Interior's Standards for Rehabilitation
  - Davis Bacon Requirements
  - State Historic Preservation Review
  - Any other USDA requirements mandated for funding for the program (e.g., environmental review)
  - Will meet the definition of a small and emerging private business enterprise (less than 50 employees and less than 1 million in gross revenue)
  
- If approved by the USDA, then permits may be acquired, the project construction may commence, and loan funds will be disbursed. If the plan is inconsistent with program goals, it will be returned with request for modifications.

Note: The City of Fremont and its DDA reserve the right to recommend loan awards it deems to be in the best interest of the City and the Fremont DDA Revolving Loan Fund Program.

### **Post-Approval Procedures**

- Loans must be paid back to the City of Fremont incrementally on a monthly basis and paid in full within five years of the project start date. The project start date is the day the loan agreement is signed.
- Any changes in the scope of work must be approved by the chair of the DDA Façade/Historic Preservation Subcommittee or his/her designee.
- All approved changes in work verification shall be attached to the original site plan in the form of an addendum and dated.
- Collateral: The loans will be fully secured. If loan payments are not paid within the parameters of the contract, the loan amount will be added to the property owner's tax commitment.
- Projects must be completed within one (1) year of the signing of the loan agreement. Only under extenuating circumstances, a single extension of time to complete the project can be requested in writing and may be awarded by the City of Fremont. The Fremont DDA Façade/Historic Preservation Subcommittee is the body that can approve an extension.

- Upon completion of the project improvement, City staff will photograph the new project and submit it to the United States Department of Agriculture (USDA) to ensure that all components of the plan are met.

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A Fremont DDA Revolving Loan Fund application can be obtained from the City of Fremont located at 101 E. Main Street, Fremont, MI 49412. The application can also be obtained on-line on the City's website [www.cityoffremont.net](http://www.cityoffremont.net). Please contact Michele Ribant, the City's Neighborhood & Economic Development Director, at 231-924-2101 or at [mrribant@cityoffremont.net](mailto:mrribant@cityoffremont.net) if you want more information on the Program.