



**VILLAGE OF ORTONVILLE, MICHIGAN
PROGRAM GUIDE – ORTONVILLE DDA (DDA)
REVOLVING LOAN FUND (RLF)**

Program Description

Ortonville Downtown Development Authority (DDA) administers this program as the recipient of the USDA Rural Business Development Grant. The DDA has a goal of creating or retaining at least one full time job for each \$10,000 loaned from the RLF.

This program is available to Gateway, Downtown, M-15 Corridor Commercial, and Workplace zoned for-profit businesses, landowners, and corporations within the Village limits.

The DDA has made available to commercial property owners the opportunity to apply for loan dollars for septic upgrade projects within the district focused on underutilized commercial property.

The Board of Directors of the DDA is the sole authority for approval or denial of loans from the RLF and is responsible for all decisions and actions of the RLF. The RLF will be operated and maintained solely by the DDA.

Program Administration

This program is administered on a year-by-year basis from July 1st of the current year through June 30th of the subsequent year and this process guide will be applicable from July 1, 2021 through June 30, 2022.

- The Ortonville DDA Revolving Loan Committee (RLC) leads the program and is responsible for recommending updates to the program on a fiscal year basis.
- If applicable, the RLC will present recommendations for updates to the DDA Board each year at the February DDA Board meeting.
- The DDA Board will approve or reject the recommended changes at the March Board meeting.
- With or without changes, this Program Guide will be approved by the DDA Board and made available for use by July 1st of each year.

Program Terms

- All loans will be made at 1.5% fixed rate per year.
- Loan length will be ten years or less.
- Loan maximums are up to \$50,000 per project.
- Loan minimums are \$5,000 per project.

- Repayment of loans will begin upon project completion or one year from receipts of funds, whichever comes first. Loan recipient may elect to begin payments earlier.
- Loans and/or grants cannot be issued to projects that have been completed prior to approval of program application.

All information regarding RLF loan requests will at all times be kept confidential by the members of the DDA board, the loan review committee, and the DDA staff. If necessary, the RLF may seek the advice and counsel of outside consultants and sources in order to adequately perform due diligence regarding the project.

Eligible Project Types –Loan funds will be used to finance and/or develop small and emerging private business enterprises in the Village of Ortonville based on septic limitations causing underutilized commercial properties including:

- Acquisition and development of land/easements/rights-of-way for Septic upgrade
- Field/System construction, conversion, enlargement, repairs or modernization.
- Technical assistance to address septic limitations for private business enterprises.
- Septic System Engineering
- Legal assistance related to septic upgrade project.
- Environmental Studies
- Municipal Permit/Tests/Fees

Ineligible Project Types

- Projects unrelated to the scope described in the program application
- Employee wages or benefits, rent, mortgage payments, utilities, machine leases, vehicle leases, taxes and insurance, professional fees, credit card processing fees and other soft costs.
- Payment of taxes, utilities, or other similar obligations
- To produce agriculture products through growing, cultivation, and harvesting either directly or through horizontally integrated livestock operations except for commercial nurseries, timber operations, or limited agricultural production related to technical assistance projects.
- To finance comprehensive area-wide type planning. This does not preclude the use of grant funds for planning for a given project.
- To fund a part of a project which is dependent on other funding unless there is a firm commitment of the other funding to ensure completion of the project.
- To pay off any previous debt. Refinancing construction financing is an exception to this rule.
- Loans will not be made unless there is a reasonable prospect that the applicant meets the definition of "small and emerging private business enterprises" defined as "any private business that will employ 50 or fewer new employees and has less than \$1 million in projected gross revenues." If the grantor changes its definition of small and emerging business as defined by the Rural Business Development Grant regulations, the grantee reserves the right to utilize the amended definition without further approval from the grantor.
- Applications by members of the loan committee and their immediate family members shall be ineligible for funding.

Application Procedures:

Applications for RLF funds will be accepted on a continual basis. All applicants for RLF funding will be required to complete an application form and provide a corresponding plan/outline with verifiable data which demonstrates that their proposed projects are economically feasible, sustainable, and will provide benefits to rural areas, either through job creation or infrastructure improvements. A copy of the application which includes a list on supporting information is attached to this plan.

- Applications will be accepted at the Downtown Development Authority office during normal business hours. The Downtown Development Authority is located at 476 Mill Street, Ortonville MI 48462 or by email to director@ortonvilledda.org. Applications can be obtained from the DDA's website – ortonvilledda.org. Questions about completing the form should be directed to the DDA office at 248-627-8070
- Complete applications will be reviewed by the RLF committee (RLF). An application is not considered complete until all required information has been submitted to the Downtown Development Authority staff as listed on the attached application.
- There must be evidence presented by the applicant that indicates the RLF loan is necessary to make the proposed project feasible.
- The RLF committee may require written feasibility studies, business plans, market studies, etc. as appropriate for the business type.
- The loan review committee will analyze each project and make a written recommendation to the Downtown Development Authority Board of Directors.
- The Downtown Development Authority Board of Directors will normally review RLF applications at their scheduled monthly Board Meeting. However, if needed and at the Board's option, the Board may call a special meeting to review a loan application.
- The Downtown Development Authority Board of Directors shall have final authority to approve or deny RLF loan requests, and to determine appropriate terms and conditions.
- For approved loans, a loan agreement addressing all of the terms and conditions, including monitoring procedures, repayments, delinquencies, defaults and remedies for that project will be prepared by the RLF committee.
- Before RLF funds can be disbursed to the loan recipient, all requirements and terms of the loan agreement must be met and supplemental financing must already be contributed or verified ready to contribute to the project.

Review Criteria:

The basis for determining the eligibility/approvability, loan amount, interest rate, and terms and conditions of a revolving loan fund request, and general RLF operational procedures, are as follows:

- The loan review committee and the Downtown Development Authority board will consider the financial need of the project, the probability of success, the security offered, and the overall benefits of the project to rural areas, including the number of jobs to be created or retained, diversification of the economy, the extent of the upgrading of the skills of the rural workforce, the quality of the jobs in terms of pay scale and benefit package, and, for community development projects, improvements

to the community infrastructure, facilities, and/or acquisition of equipment that improves the education, health, safety, and/or medical care of rural residents.

- Applicants who choose to apply in times when inadequate funds exist for extending a loan will be informed of the lack of funds. Applications will be reviewed and funded (if eligible) based on the following criteria:
 - Applications with the greatest anticipated economic impact for the community shall receive greatest priority. Criteria to be considered in determining economic impact include number of jobs created or saved, wage scale of employees, benefits paid to employees.
 - Applications of equal economic impact will be funded in date order of application.

In accordance with Federal law and U.S. Department of Agriculture policy, the Loan Committee will not discriminate on the basis of race, color, national origin, sex, religion, age, disability, or marital or family status.

Loan Monitoring:

The Downtown Development Authority Executive Director shall be responsible for administrative requirements of the RLF. The Downtown Development Authority Executive Director may delegate these responsibilities to other persons.

All RLF loans will be monitored to ensure that loan proceeds are spent as identified in the RLF application, that all other sources of financing have been committed to the project, and that the benefits of the project, such as job creation, are accomplished as stated in the RLF application. The Downtown Development Authority Executive Director shall ensure that RLF lien positions and loan collateral are secure

This loan monitoring will require regular reporting by the loan recipient.

- Annual income statements and balance sheets will be collected from the loan recipient. Depending on the nature of the project and security arrangements, the Downtown Development Authority reserves the right to require the submission of annual financial reports as audited by a certified public accountant.
- The Downtown Development Authority will also conduct annual site visits to meet with the loan recipient, verify collateral and collect any information as required.
- At the option of the Downtown Development Authority, periodic management information reports may be required of the loan recipient. Management reports may be required on a semi-annual basis beginning six months after the advance of RLF funds and continuing semi-annually thereafter for a period of 3 years or until completion of the project, whichever is the later period. If requested, management reports will include:
 - information on the number of jobs created or retained during the reporting period;
 - a comparison of accomplishments during the reporting period to the objectives established for the project,
 - a description of any problems, delays, or adverse conditions which will materially affect the attainment of planned project objectives and a statement of action taken or contemplated to resolve the situation.
- The Downtown Development Authority reserves the right to require these reports on a more frequent basis if it is determined to be in the best interest of the RLF.
- An annual review and report of the outstanding loans of the RLF, including job creation/retention totals and community benefits, will be compiled by the loan committee for presentation to the Downtown Development Authority Board of Directors.