



TOWN OF PLATTSBURGH LOCAL DEVELOPMENT CORPORATION, INC.

Town of Plattsburgh Small Business/Economic Development Revolving Loan Program

Purpose/Priorities – The Town of Plattsburgh Local Development Corporation, Inc. (LDC) is interested in providing loans to businesses located within the Town of Plattsburgh to assist with the creation of new or the expansion of existing businesses. The business activity to be undertaken with assistance from the program must either directly result in the creation/retention of employment positions for low- to moderate-income people, as defined by the Federal regulations governing the Community Development Block Grant (CDBG) program, or be undertaken by a microenterprise that is owned by someone of low- to moderate income.

Eligible Applicants/Activities –

Start-up businesses may apply for funding under the Town of Plattsburgh Small Business/Economic Development Revolving Loan Program. Start-up businesses will have additional requirements for loan approval as follows:

- The Entrepreneur must incur risk i.e., the Entrepreneur must be investing a minimum of 10% personal capital into his/her enterprise.
- The Entrepreneur must demonstrate adequate management capability including the ability to manage both human and financial resources.
- The Entrepreneur must demonstrate intimate knowledge of the industry in which he/she will operate a business. Such knowledge must include knowledge of billing practices, competition, legal issues, marketing and advertising, etc.

The Small Business/Economic Development Revolving Loan Fund provides financial assistance to:

- a. Businesses wishing to expand or to build new facilities;
- b. Businesses needing to modernize their physical plant or equipment and machinery in order to maintain their competitive position;
- c. Businesses seeking to locate new plants or facilities in the Town;
- d. Retail market-driven facilities under the following categories:
 - A tourism destination (location or facility) that is likely to attract a significant number of visitors from outside the economic development region in which the business is located; or
 - A project that would locate related jobs outside of the Town if the LDC did not provide assistance; or a project with the primary purpose of providing needed goods or services not currently or easily accessible to the residents of the Town of Plattsburgh.

Funds may be used to finance the acquisition of machinery and equipment, the purchase of inventory, working capital, leasehold improvements, and construction or rehabilitation of buildings or other site improvements. Funds cannot be used for debt financing.

Maximum Loan amount - \$30,000. The Board will consider larger loans on a case-by-case basis. Additional funds may also be available through other loan programs.

Interest Rate – 3% - 5% upon evaluation of the individual application.

Community Benefit Requirements - Financial assistance must result in the creation and retention of one job for every \$15,000 in financial assistance provided. Jobs must be made available to people from low- or moderate-income households, and must be filled within two years. Evidence of job retention must be provided upon request. The borrower will be penalized if the job creation requirement is not met. The penalty will be prorated for each partial job created. If the borrower meets the Low to Moderate Family Income Level, no job creation requirement will be enforced.

Terms of the Loan - Repayment can be as long as 10 years with real estate as collateral, and up to 7 years with machinery and equipment as collateral. Working capital loans will be extended for up to 5 years.

Fees - Applicants are responsible for paying all fees, including loan-closing and lien-filing fees. **Application fee is \$150.** No loan will be processed until that fee is paid. This fee may be financed along with other closing costs if the loan is approved. Other closing costs include an administration fee of 1.5% of the face amount of the loan and a 1% annualized fee for the term of the loan for monitoring, servicing and reporting for the loan. Other legal fees may apply. Applicants will receive a good-faith estimate of all the fees that will be due at closing and will have the opportunity to finance those costs through the term of the loan.

Loan Security and Guarantees – Any person who owns 20% or more of the business must provide a personal guarantee of the loan. This may include a pledge of personal assets as collateral, but the LDC typically takes a subordinate position to a primary lender. A security interest must be given in collateral with a value equal to or greater than the amount of the loan.

Application Process – Make sure that your application is complete and that your application fee is included to shorten processing time. (See Application Checklist) Keep in mind that the LDC has economic development objectives. Your investment and your ability to create and retain jobs will be considered along with the feasibility of the project. Your Business Plan with financial projections can help us understand how you think this will work. Depending on the activities you wish to fund, you may be required to meet certain stipulations when applying to the Program assistance.

The Town of Plattsburgh LDC has partnered with the Adirondack Economic Development Corporation (AEDC) in Saranac Lake to serve as the underwriter for the loan program. Applications are made to the AEDC, which evaluates each and makes recommendations to the LDC Board. The AEDC also makes economic development loans and partners with other not for profit economic development agencies which could serve as additional sources of funding. Once a complete application has been submitted, AEDC staff will conduct an initial meeting/site visit to review the merits of the application, seek additional information and answer any questions the applicant might have.

As part of the loan review process, two residents of the Town of Plattsburgh may be assigned by the Town of Plattsburgh LDC Board of Directors to serve on the AEDC Loan Review Committee to review only those loans originating in the Town of Plattsburgh, and whose votes shall be counted as part of the whole body of the Lending Committee. The recommendation made by the AEDC Loan Review Committee shall be submitted to the LDC for final consideration and ultimate approval.

Should you want more information about our program or wish to obtain application materials, contact the Adirondack Economic Development Corporation at (518) 891-5523 or jamesmurphy52@me.com