



## Shopsteading Loans for Cumberland County Guidelines

Cumberland County and its valued partners are committed to the ongoing revitalization of the downtown, its historic preservation, the sustainability of the surrounding neighborhoods and a vibrant, welcoming, business community.

### ELIGIBILITY

Applicants must:

- be a for-profit business located within the program area
- lease, own or propose a first-floor commercial space or business, preferably retail or restaurant
- be creditworthy and have an eligible, creditworthy, business or project

Eligible funding uses include:

- Acquisition of real estate
- New construction
- Property rehabilitation
- Site improvements
- Acquisition or rehabilitation of fixtures, furnishings, or equipment
- Working capital

### JOB CREATION REQUIREMENT

Those provided a loan through the program are required to create new jobs at that specific location. The borrower must ensure that these jobs are available and offered to persons from low-to-moderate income level households. The borrower will provide information requested periodically by the Cumberland County Redevelopment Authority to document fulfillment of the job creation requirement.

- For loans up to \$35,000, one full-time or two or more part-time-equivalent jobs must be created within two years of the loan closing date.
- For loans up to \$70,000, two full-time or part-time-equivalent jobs must be created within two years of the loan closing date.

### LOAN DETAILS AND TERMS

Loans for acquisition, new construction, rehabilitation, site improvements, acquisition or rehabilitation of fixtures, furnishings, equipment, or major systems, or working capital **when the property is owned by the borrower:**

- The minimum loan amount is \$5,000.
- The maximum loan is 50% of the total eligible project costs or \$70,000, whichever is less.

- The annual interest rate on the loan is 2%.
- The loan shall be amortized over 25 years, with a balloon payment at 10 years.
- The total of this loan and any other senior liens cannot exceed the appraised value of the property.
- The debt to loan ratio cannot exceed 90% of the appraised value of the property.
- The borrower will be required to execute loan documents which will include a note and a mortgage against the property, and such other loan documents required by the Borough including, but not limited to, documents creating a security interest in the fixtures, furnishings and/or equipment and personal guarantees which may or may not be secured by other property owned by the borrower.
- The loan may be subordinate to the loan of the first mortgage lender and other lienholders determined on a case-by-case basis.

Loans for rehabilitation, site improvements, acquisition or rehabilitation of fixtures, furnishings, equipment, or major systems, or for working capital **when the borrower does not own the property:**

- The minimum loan amount is \$5,000.
- The maximum loan amount is 50% of the total project costs, or \$35,000, whichever is less.
- The annual interest rate on the loan is 2%.
- The maximum repayment term is seven years.
- The total of this loan cannot exceed 90% of the total cost of the rehabilitation, improvements, equipment, fixtures, and furnishings.
- The loan may be subordinate to other lienholders in all cases.
- The borrower will be required to execute loan documents which will include a note and such other loan documents required by the Borough including, but not limited to, documents creating a security interest in the fixtures, furnishings and/or equipment and personal guarantees which may or may not be secured by other property owned by the borrower.

## **LOAN UNDERWRITING AND APPROVALS**

The Authority will underwrite the loans providing all analysis and reviews. Authority staff will review the applicant's credit, current and prospective cash flow from the project, and the strength of the collateral for the loan. Each loan must be approved by the Cumberland County Board of Commissioners. Prior to approving loans for acquisition or the rehabilitation of borrower-owned real property, the Authority will request an appraisal of the property prepared within one year of the loan application by an appraiser with general appraisal certification credentials. This requirement pertains only when the borrower is the property owner.

## **FEES AND CLOSING COSTS**

There is no fee to apply; applicants can expect to pay a minimum of \$500 for attorney's fees and closing costs.