



***Owosso Main Street & Downtown Development Authority
Revolving Loan & Grant Program***

This version of the program will be applicable through June 30, 2027.

INTRODUCTION

This program is available to the Central Business District, Corridor Business District and General Business District zoned for-profit businesses, landowners, and corporations.

Monies are available to the OMS & DDA until the \$250,000.00 reserve is reached.

OMS & DDA administers the program as authorized by the Owosso City Council.

The program is administered on a year-by-year basis.

The OMS & DDA Economic Vitality Committee leads the program and is responsible for recommending updates to the program on a fiscal year basis.

The fiscal year is from July 1st of the current year through June 30th of the subsequent year.

The OMS & DDA Board will approve or reject the recommended changes once a year from the Economic Vitality Committee.

The City of Owosso City Council will approve or reject the recommended changes following the OMS & DDA Board's approval.

With or without changes, the Revolving Loan & Grant Program will be approved by the OMS & DDA Board and made available for use by July 1st of each year.

LOAN & GRANT TERMS

All grants will require a \$500 processing fee if awarded.

The applicant shall be responsible for any and all costs associated with the OMS & DDA loan application, including any fees or services rendered by a third party for, but not limited to, loan review, underwriting and/or consultation with lending institutions. The applicant will be responsible for any and all costs associated with the OMS & DDA loan application as described above regardless of whether the loan is approved or if applicant retracts the loan application.

All loans will be made at the U.S. Prime Rate -2%, with a minimum floor rate of 4%, set on the date on the signed application.

Loan length will be ten years or less; dependent on lease agreement.

Loan maximums are up to \$200,000 per project.

Grant maximums are up to \$25,000 per project. Annual maximum for grant awards is \$25,000.

Loans and/or grants may be made on the same project.

Loans are paid prior to project start; grants are paid upon project completion.

Grant payment will be disbursed once all invoices are paid, and final inspections have been completed and approved for all permits pertaining to the project.

Repayment of loans will begin one month after the City of Owosso Finance Department releases the check.

Loans require ACH automatic payments. The City of Owosso Treasury Department charges a \$25 fee for returned checks. An additional \$10 fee will be added after 7 business days.

Grants cannot be issued to projects that have either started or have been completed prior to the City Council's approval and a fully executed grant agreement.

All applications require a business plan and financial projections.

All upper-story residential grants or loans require plans and permits, approved by the Building Department, to be submitted with the application.

All property development loans must be repaid in full if there is a transfer of the property title/ownership.

If a grantee sells the property or project improvements are removed, not maintained, or are significantly altered within five (5) years of payment of the grant, the grantee shall reimburse the Revolving Loan Fund according to the following schedule:

Anytime during...

Year One	100% reimbursement of the Grant
Year Two	50% reimbursement of the Grant
Year Three	25% reimbursement of the Grant

All loans and grants must provide project before and after photos.

Grantees will have two (2) years to complete their approved project.

Projects that are eligible for grant funding may alternatively apply for loan funding with the opportunity for a future principal reduction. Approved projects may be eligible for a principal reduction of up to twenty percent (20%) of the original loan amount, not to exceed \$25,000.

The principal reduction is not automatic and must be requested by the borrower after project completion.

Eligibility for principal reduction consideration shall require:

- Compliance with all terms of the loan agreement
- Loan payments in good standing
- Completion of the approved project scope
- Submission of all required invoices, permits, inspections, and supporting documentation
- Continued compliance with all Program eligibility requirements
- Any additional requirements established by OMS & DDA, the underwriting entity, or City Council

Principal reduction requests will be reviewed on a case-by-case basis and are subject to approval by the applicable review and approval bodies.

ELIGIBILITY CRITERIA

1. Business and/or property is located within approved zoning districts
2. Business is headquartered in Michigan
3. Business is not a franchise, located in a strip mall, a “big box” retailer, or a business whose primary sales come from adult entertainment, marijuana, CDB and/or tobacco
4. Applicant will have control over the site for which they are applying for prior to the loan or grant approval (excluding acquisition projects)
5. Loan applicant either
 - A. Has never received funds from the Revolving Loan & Grant Program
 - B. Has a zero balance on past Program loans
 - C. Elects to refinance, absorbing the balance of an existing Program loan based on current Program terms with the addition of new loan request (not exceeding \$200,000)Grant applicant has not received funds from the Revolving Loan & Grant Program within the last 24 months
6. Applicant is not in default with the City of Owosso including but not limited to taxes, utilities, special assessment, invoices, permits, and loan payments
7. Applicant, or any LLC associated with the applicant, has not filed for bankruptcy
8. Applicant is not on the Owosso City Council, Owosso Main Street & Downtown Development Authority Board of Directors, or OMS & DDA Economic Vitality Committee

ELIGIBLE PROJECT TYPES

1. Building Accessibility Projects – including elevators for loans or grants
2. Historic Preservation
3. Upper Story Housing Development
4. Restaurant/Retail Space Build Out and Upgrades
5. Acquisition and Rehabilitation of Blighted Properties
6. Signage Purchase or Restoration
7. Environmental Site Assessments/Studies
8. Small Business Start-up Costs (working capital only) – businesses open for 6 months or less
 - a. Examples of eligible working capital include purchase of a point-of-sale system, marketing expenses, or inventory of retail goods.
9. Match on Main Approved Projects
10. Underground Vault Removal/Repair
11. Façade Improvements
12. Roof Repair/Replacement

CRITERIA FOR ELIGIBLE PROJECT TYPES

1. Building Accessibility Projects
 - a. The building must be multi-story and have 4,000 or more square feet per floor
 - b. For shared elevator projects, adjoining building floor size can be included to achieve 4,000 square feet if necessary
 - c. Projects may include barrier free lavatories, aisle and doorway widening, and ramps
 - d. Architectural services for building access are eligible for a grant of up to \$5,000; or a loan principal reduction
 - e. Elevators for building access are eligible for a grant of up to \$25,000 per building; or a loan principal reduction

2. Historic Preservation and Façade Improvements
 - a. Building must be 50 years or older
 - b. If in the historic district, the plan must be approved by the Downtown Historic District Commission prior to submission to the Economic Vitality Committee
 - c. Façade improvements are eligible for a grant of up to \$25,000 per building; or a loan principal reduction

3. Upper Story Housing Development
 - a. The upper story must have a minimum of 800 square feet; “micro loft/studio” projects will be considered
 - b. Air conditioning and internet access in each room except bathrooms must be included
 - c. Fire suppression must be included, and the fire suppression plan must be approved by the Building Department **prior to submission** to the Economic Vitality Committee
 - d. Fire suppression is eligible for a grant of up to \$12,500 per unit for projects with upper floor residential units; or a loan principal reduction
 - e. Architectural services are eligible for a grant of up to \$1,500 for each residential unit, with a maximum grant of \$12,000 per project; or a loan principal reduction
 - f. Elevators for upper story housing development are eligible for a grant of up to \$25,000; or a loan principal reduction

4. Restaurant/Retail Space Build Outs and Upgrades
 - a. Projects may include mechanical and electrical systems, roof work, partitions, windows, doors, painting, and sign repair
 - b. Architectural services are eligible for a grant of up to \$3,000 per project; or a loan principal reduction

5. Acquisition and Rehabilitation of Blighted Properties
 - a. A description of the plans for the property must be included with the application form
 - b. If preliminarily approved by OMS & DDA, a detailed plan with timing must be submitted to OMS & DDA for further review prior to submission of the application to the loan committee
 - c. Building must be 50 years or older
 - d. If in the historic district, the plan must be approved by the Downtown Historic District Commission prior to submission to the Economic Vitality Committee

6. Environment Site Assessments/Access Studies
 - a. The building or site must have a brownfield plan
 - b. The building or site must be contaminated or suspected of being contaminated
 - c. Phase I and Phase II studies are eligible
 - d. Eligible for a grant of up to \$5,000 per building
 - e. Eligible for a loan principal reduction

7. Roof Repair/Replacement
 - a. Building must be 50 years or older
 - b. Eligible for a grant of up to \$25,000 per building
 - c. Eligible for a loan principal reduction

8. Vault Fill-In
 - a. Eligible for a grant of up to \$12,000 per building
 - b. Eligible for a loan principal reduction

INELIGIBLE PROJECT TYPES

1. Re-financing of debt owed to private sector entities such as banks, credit unions, etc.
2. Projects or parts of projects unrelated to the scope described in the program application.
3. 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.
4. Payment of taxes, utilities, or other similar obligations.

PRE-EXISTING LOANS

Existing loan payments may be deferred up to 6-months

- Deferrals will be issued on a case-to-case basis depending on the Emergency Response circumstance.
- All deferrals must be approved by the OMS & DDA Board and City Council
- Loan deferrals must be requested by the loan holder in written form via letter or email, providing reasoning for deferral. Other information may be requested by the Economic Vitality Committee to aid in their determination.
- Requests for deferral should be reviewed by the Economic Vitality Committee.
- Upon review from the Economic Vitality Committee, if a recommendation is determined, the loan request will be sent to City Council for final approval.
- Program-wide deferrals can be considered during city, state, and/or country- wide Emergency Response declarations. Program-wide deferrals require both OMS & DDA and City Council approval.

APPLICATION PROCESS

THIS PROCESS CAN TAKE UP TO 3-6 MONTHS

1. Contact OMS & DDA Executive Director, Lizzie Fredrick, at lizzie.fredrick@ci.owosso.mi.us for a preliminary meeting to discuss the program's scope.
2. Obtain and complete the application form from the OMS & DDA website:
www.downtownowosso.org/business-development-resources
3. Submit the application form by email to: lizzie.fredrick@ci.owosso.mi.us
4. The Economic Vitality Committee of the OMS & DDA Board will review the application at their next meeting, in accordance with agenda submission deadlines. If the application is not accepted for further consideration, the applicant will be provided with a rationale for the decision and steps to re-apply.
5. If the application is approved by the OMS & DDA Economic Vitality Committee, the OMS & DDA Board of Directors will approve or deny the application at their next meeting, in accordance with agenda submission deadlines.
6. Upon approval by the OMS & DDA Board:
 - Grant Applications will be submitted to Owosso City Council for approval, in accordance with agenda submission deadlines.
 - Loan Applications will be submitted to the Lapeer Development Corporation for underwriting, collateralization and approval.
7. Loan applications approved by the LDC will then be submitted to the City Council for approval, in accordance with agenda submission deadlines.
8. Approved loans require ACH automatic payments.
9. The City of Owosso Finance Department will release a check and create a coupon book for loans once all proper and completed paperwork is submitted. Invoices will not be mailed.
10. The City of Owosso Finance Department will release a check for grants once all paid invoices are provided.

CONCLUSIONS, QUESTIONS, AND CONTINUOUS IMPROVEMENT

The Owosso Main Street & Downtown Development Authority Board of Directors will determine Economic Vitality Committee Members.

The Committee consists of a City Council representative, OMS & DDA Board Member, small business owner, commercial property owner, representative from a traditional lending institution and Owosso Main Street volunteers.

The Committee will make recommendations for approval based on criteria established by the Revolving Loan & Grant Program Scoring Rubric and other Committee considerations.

If the Committee does not recommend project approval, it will submit rationale to the applicant and the OMS & DDA Board of Directors.

Questions on the program, process, or any other aspect of the program may be directed to the OMS & DDA office at 989-725-0571 or lizzie.fredrick@ci.owosso.mi.us.

Each year, led by the Economic Vitality Committee, the OMS & DDA Board will update and republish the program based on continuous improvement input and recommendations.