



ECONOMIC DEVELOPMENT
GROWTH ENGINE
FOR MEMPHIS & SHELBY COUNTY

INNER CITY ECONOMIC DEVELOPMENT (ICED) FORGIVABLE LOAN APPLICATION

The City of Memphis Inner City Economic Development Program (ICED) is designed to create an incentive for business and property owners to improve their building's appearance. The goal is to spur economic development and investment in inner-city neighborhood business districts by improving the quality of commercial corridors and small neighborhood serving businesses in core – city and classically distressed neighborhoods through small forgivable loans to assist in façade and building improvements. The ICED program intends to grow existing neighborhood businesses that are part of the community while assisting new local businesses by getting buildings along inner-city commercial corridors ready for new tenants. Clusters of buildings will be given preference, so as to maximize the program's impact.

Basic Eligibility

Please review the eligibility requirements of the program. All conditions must be met prior to commitment of funds. Work that does not comply with the requirements is subject to reduction or retraction of award.

- » Business and building is located in a New Markets Tax Credit Qualified Census Tract based on www.cohnreznick.com/NMTC-Mapping-Tool
- » Revenue of Applicant is less than \$750,000 and the Adjusted Gross Income of the Applicant is less than \$200,000.
- » Eligible Applicants include both property owners and business lessees with a minimum of three-years remaining on the lease and written authorization of the property owner.
- » All City of Memphis and Shelby County Property Taxes are current or an approved payment plan is in place.
- » Applicant has sufficient capital to complete project without negatively impacting business as determined by attached documentation.

Eligible Business Categories

All retail and commercial uses except those shown as ineligible, with preference given to projects that directly benefit the neighborhood.

Ineligible Businesses Types

The following business categories as defined are not eligible for forgivable loans under the ICED program.

- » Liquor and tobacco stores
- » Adult entertainment and product stores
- » Pawnshop, Payday loans, Title loan establishments
- » Car dealerships

- » Mini-storage
- » Gas Stations
- » Others at the discretion of the Economic Development Finance Committee

Program Provisions

ICED funds may be used for permanent building exterior and interior improvements, building expansion, and streetscape improvements consistent with the following provisions.

- » Applicants for an ICED Loan are eligible to borrow up to \$25,000 for eligible project costs (contingent on funds) but must provide a match of one dollar (\$1) for every two dollars (\$2) of ICED funds. For example, a project totaling \$12,000 would require an Applicant investment of \$4,000 which would leverage an additional \$8,000 in ICED Program funds. Proof must be provided in the form of receipts, invoices or bank statements. EDGE will require any cash match committed to a project be invested before any ICED funds are disbursed.
- » To apply, the Applicant will first meet with EDGE staff to discuss the project and review program requirements. Once the property tax status is confirmed, an EDGE business consultant and an architect retained by EDGE will work with the Applicant to prepare elevation and budget estimates for presentation to the EDGE Finance Committee as part of the application process.
- » Complete application must be signed by the Applicant and submitted along with a non-refundable \$100.00 application fee to EDGE for review by staff and approval by the EDGE Finance Committee.
- » Applicant is required to submit a letter of support from an area merchants association, neighborhood stakeholder, nearest Community Development Corporation (CDC), or the Community Development Council of Greater Memphis with their application.
- » Each Applicant is required to submit a sealed engineering report stating that the Applicant's building is structurally sound or what must be done to make the building structurally sound. The report can be acquired through the EDGE architect team. ICED funds may be used to address structural issues with a building. ICED funds may not be used to correct property damaged by collision, acts of nature or occurrences, if covered by insurance. The cost of the sealed engineering report is an eligible expense for the matching grant
- » The Applicant must begin construction or renovation work on improvements of the agreed upon project and close on the loan within 120 days of approval of the completed application package by the EDGE Finance Committee. If the Applicant is not able to close the loan within 120 days, the Applicant must seek approval from the Economic Development Finance Committee to extend the benefit.
- » The Applicant, working with the EDGE architect, must submit project plans and estimates to EDGE staff. Applicants are encouraged to select a contractor from a list of approved contractors provided by EDGE. The Applicant must obtain all necessary permits. All contracts will be between the Applicant and the contractor(s) selected. The cost of permits is an eligible expense

for the matching grant. Any changes made to approved plans exceeding \$500.00 requires prior approval from EDGE staff.

- » All work must comply with city, state and federal regulations and codes. Applicants will be responsible for obtaining necessary regulatory approvals, including those of the Landmarks Commission where applicable, Construction Code Enforcement building permits and any other necessary permits.
- » Applicant may submit up to four (4) draw requests as work continues. Prior to disbursing any funds, each draw request will be reviewed to ensure the work is in compliance with the plans and letter of commitment.
- » The majority of exterior work must be done on a street facing front or side of an existing building (e.g.: storefronts, gutters and downspouts, cornices, exterior lighting, canopies, awnings, and masonry cleaning). Landscape improvements and outdoor patios are eligible as long as they are tied to an exterior building improvement.
- » All improvements to the building funded under the ICED forgivable loan must be complete within 12 months of the loan closing.
- » Improvement loans granted to businesses are forgivable at rate of 33 percent per year from the close of the loan. Should the Applicant default on the loan agreement before the entire loan is forgiven, the remaining amount will convert to a term loan. EDGE reserves the right to collect on the remainder of any defaulted loan.
- » Forgivable loans approved by the Economic Development Finance Committee do not require repayment, if they adhere to the improvements confirmed at the Committee meeting. In the event that all or a portion of the forgivable loan funds are used for other purposes, it constitutes default on the terms of the loan. The Applicant will be personally liable for the remaining amount of the loan.

Application Process

The following outlines the typical process for an Applicant of this program from application through funding of building improvements.

1. Determine if Applicant's business is located in a New Markets Tax Credit Zone.
2. EDGE staff holds a Pre – Submittal Meeting with potential Applicant to discuss ICED program, business and improvement plans.
3. Potential Applicant meets with EDGE staff and EDGE architect to review building and desired improvements and walk through for Structural Engineering Report.
4. Eligible Applicant completes, signs, and submits ICED Program Application along with \$100 non-refundable application fee and required documentation including bid estimates.
5. EDGE architect submits proposed plans to Applicant and EDGE staff.
6. Application is presented to EDGE Finance Committee for approval. The Applicant or representative of the application must be present. The Finance Committee may ask the Applicant to make brief remarks regarding the project at which time the board may ask questions of EDGE staff and Applicants before making a decision. If approved, closing date is scheduled with Applicant who will meet with EDGE Attorneys to finalize closing documents and receive an agreed upon loan disbursement schedule.



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APPLICANT INFORMATION

Please note: It is important to complete the entire application; incomplete forms will not be considered for review until all requested materials are submitted.

Name of Business: _____

Type of Business: _____

Name: _____ **Referred By:** _____

Business Address: _____

Email: _____ **Phone:** _____

Federal Tax ID or Social Security Number: _____

Years Owned: _____

Number of employees: _____

Legal Type: C-Corp___ S-Corp___ LLC___ Partnership___ LLP___ Proprietorship___

Individual___ Non – Profit___

Date Established: _____

Building Owner: ___ **Tenant:** ___ **If Tenant, Term of Lease:** _____
(Attach copy of lease to application)

List all owners, officers, directors and general partners of business and stockholders or limited partners owning 20 percent or more of the Applicant. All persons or corporations with an ownership interest of 20 percent or more will be considered a co-Applicant and must agree to the terms of the agreement. Attach additional sheet, if necessary.

Name: _____ **% of ownership** _____

Address: _____

Name: _____ % of ownership _____

Address: _____

If owner, do/will you also occupy the project space?

Yes _____ No _____

BUILDING OWNER, IF NOT APPLICANT

Name: _____

Name of Business: _____

Address: _____

Email: _____ Phone: _____

Owner's Signature (if not Applicant) - Indicating Approval of Proposed Improvements, If Applicable

Name Date

PROJECT INFORMATION (Please check all that apply)

Leased or Purchased Project Address:

Facade: _____ Interior Tenant Improvements: _____ Streetscape: _____ Building Expansion: _____

Mechanical Systems

HVAC _____ Roof _____

Short description of the proposed use of funds (If additional space is needed please attach an addendum to this form):

Total square feet in building where project is located: _____ Number of floors: _____

Number of tenant spaces in building where project is located: _____

List of current tenants:

Year building was built: _____

If project does not include the entire building, square footage of project space: _____

Describe your business, customers, market area, target market, market competitors, projected sales revenue (or % growth) and how potential receipt of this forgivable loan will benefit the community (If additional space is needed please attach an addendum to this form):

BUILDING IMPROVEMENT PLAN (To be completed in conjunction with EDGE architect)
 Attach elevation and other drawings; detailed budget

Proposed Work Plan	\$ Estimated Cost
Façade Improvements	\$
Structural, Roof and HVAC	\$
Building Expansion	\$
Building Interior Renovation	\$
Furniture, Fixtures & Equipment	\$
Landscape & Streetscape Improvements	\$
Other	\$
Soft Costs	\$
Contingency (%)	\$
TOTAL	\$

PROPOSED SOURCES OF PROJECT FUNDING

Source of Funds	\$ Amount
Applicant Cash	\$
ICED Request	\$
Other – Specify	\$
TOTAL	\$

ADDITIONAL QUESTIONS (If additional space is needed please attach an addendum to this form)

How do you anticipate meeting the match requirements of this forgivable loan?

Do you anticipate any new tenants as a result of the improvements? If so, what kind of business?

Do you anticipate any new employees (full-time /part-time) at the Project site? How many?

For owner, what is the rent amount you will seek for the space(s)?

Proposed Timeline:

Additional Comments:

The undersigned hereby certifies that all information contained above and all information contained in attachments which make up this loan application are true to her/his best knowledge and belief, and are submitted for the purpose of obtaining financial assistance from the Economic Development Growth Engine for Memphis and Shelby County.

APPLICANT SIGNATURE:

DATE:

APPLICANT SIGNATURE:

DATE:

BUSINESS FINANCIAL INFORMATION FOR APPLICANT AND APPLICANT’S BUSINESS

(1) Please attach business federal tax returns for the previous three consecutive years. In the event that the business has been open less than three years please supplement with personal federal tax returns.

(2) Please include a summary and financial projections of the current or proposed business that will serve as a tenant for this space. The summary must include the following information:

Business Summary

- i. Description of the background and experience of the business owner.
- ii. Description of the business.
 - 1. What is your target market and what do you offer your customers?
 - 2. Describe the anticipated product mix, if applicable.
 - 3. What are your anticipated days and hours of operation?
- iii. What business support services might you need?

Financial Projections

- a. Annual costs for your business. Itemized list including but not limited to: advertising, insurance, licenses/permits, office/store supplies, store fixtures, and inventory.
- b. Projected income and operating expenses for 12 months (see sample attached).

(3) If the answer to any of the following questions is “yes,” please furnish details on an attached sheet. Answering yes will not necessarily disqualify you.

- a. Have any owners, officers, directors, guarantors, general partners, stockholders or limited partners owning 20% or more of the business ever been charged with, or convicted of, any criminal offense, other than minor motor vehicle violations? **Yes** ____ **No** ____
- b. Has the business or management of the business been informed of any current or on-going investigation of the business with respect to possible violations of local, state or federal laws?
Yes ____ **No** ____
- c. Has the business or any owners, officers, directors, guarantors, general partners, stockholders or limited partners owning 20% or more of the business been in receivership or adjudicated as bankrupt?
Yes ____ **No** ____
- d. Is the business or any owners, officers, directors, guarantors, general partners, stockholders or limited partners owning 20% or more of the business involved in any pending lawsuits?
Yes ____ **No** ____
- e. Does the business or property owner owe past due federal, state or local taxes of any nature?
Yes ____ **No** ____

I authorize EDGE/Lender to make inquiries as necessary to verify the accuracy of the statements made and to determine my creditworthiness. I certify the above and the statements contained herein are true and accurate as of the stated date(s). These statements are made for the purpose of obtaining a loan or guarantying a loan. I understand false statements may result in forfeiture of benefits and possible prosecution.

APPLICANT SIGNATURE:

DATE:

APPLICANT SIGNATURE:

DATE:

APPLICANT CHECK LIST:

Documents required to complete the ICED Forgivable Loan Program Application include, but are not limited to:

- Confirmation that location of business is in a New Markets Tax Credit Zone
- Proof of Deed to building or minimum of three – year signed lease
- Organization documents (ex. Sole Proprietorship status, Articles of Incorporation)
- Letter of Support (Business/Merchant’s Association/CDC)
- Proof of current property tax status (City & County)
- Proof of Matching Funds/Receipts/Invoices/Bank Statements
- Sealed Engineering Report from Tennessee Certified Engineer
- Copy of approved desired improvement plan
- Financial Statements/Projections
- \$100 Application Fee - Check or money order payable to:
Economic Development Growth Engine (EDGE) – ICED Program
100 Peabody Place, Suite 1100
Memphis, TN 38103
- Other documents required by the EDGE Finance Committee

(ATTACHMENT 2): MONTHLY PROJECTIONS

	1	2	3	4	5	6	7	8	9	10	11	12
INCOME												
Total Income												
SALES												
Inventory Purchased												
Inventory %												
Gross Margin												
Gross Margin %												
Total Cost of Sales												
Avg Cost of Goods Sold %												
Gross Margin \$												
Avg Gross Margin %												
EXPENSES												
Banking												
Cable, Phone, Internet												
Insurance												
Merchant Fees (est. __% of sales)												
Marketing/Promotion												
Rent												
Payroll												
Payroll Taxes												
POS contract/fees												
Security												
Supplies												
Utilities												
Total Operating Expenses												
NET PROFIT (LOSS)												