



## BUILDING UP BUSINESS LOAN PROGRAM OVERVIEW

The Building Up Business Loan Program is sponsored and administered by Wheat Ridge 2020, Inc., with the goal of improving the economic vitality and appearance of a targeted business area on 38<sup>th</sup> Avenue between Sheridan and Wadsworth. The purpose of the program is to encourage existing and new business development by providing financing for façade improvements, interior renovations, and small business equipment purchases.

**ELIGIBLE PROPERTY:** All commercial properties on 38<sup>th</sup> Avenue between Sheridan and Wadsworth.

**ELIGIBLE PROJECT COSTS:** Exterior façade improvements; sign repairs or replacement, interior renovations, small business equipment purchases, new commercial building development. The projects must include exterior improvements visible from the street.

**PURPOSE:** This program is intended to encourage new façade improvements, large scale renovations, significant investment in commercial properties along the 38<sup>th</sup> Avenue Corridor, and not to perform routine maintenance or minor upgrades. The purpose is to fulfill the goals of the Neighborhood Revitalization Strategy (NRS).

**LOAN AMOUNTS:** Minimum Loan Amount: \$10,000 Maximum Loan Amount: \$50,000  
1<sup>st</sup> or 2<sup>nd</sup> mortgage loans. Up to 5 year terms with up to 20 year amortizations depending on, ownership of property, life of assets, or lease term.

**LOAN RATES:** 0% interest rate up to 3 years, and 4% interest for years 4 and 5.

**ELIGIBLE BORROWERS:** Business owners or Building owners located in the target area.

**LOAN FEES:** \$250.00 application fee plus legal and closing costs.

**DESIGN CONSTRUCTION ASSISTANCE:** Professional design assistance may be available through the Wheat Ridge Business District Revitalization Incentive Program.

**APPROVAL CRITERIA:** Evidence of sufficient cash flow to repay and sufficient collateral to secure the debt. Personal guarantees are required.

**APPROVAL PROCESS:** WR2020 is partnering with Micro Business Development who will perform an underwriting process and site visit. Final loan approval will be made by the Loan Committee.

**TAXES:** Owners receiving loan funding must be current on all Property Taxes of the City, County and School District, City Earned Income Tax, Business Privilege Tax, Business License, Per Capita Tax, Water and Sewer Bills, Garbage Fees, Rental Unit Registration/License Fees, Municipal Liens, and any Miscellaneous Invoices.

FOR INFORMATION AND APPLICATION CONTACT WHEAT RIDGE 2020  
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# WHEAT RIDGE 2020, INC.

## BUILDING UP BUSINESS LOAN PROGRAM

### **PURPOSE**

The City of Wheat Ridge, through the adoption of the Neighborhood Revitalization Strategy (NRS) has determined that it is in the best interest of the public to halt property value deterioration, to eliminate that deterioration, and to promote economic growth and vitality within targeted areas of the City, and promote business growth and investment. In response to this stated objective, Wheat Ridge 2020 has created the Building Up Business Loan Program to encourage exterior façade improvements; sign repairs or replacement, interior renovations, and small business equipment purchases. The program is intended to create consistency in design, materials and architectural character thereby enhancing the physical appearance of 38<sup>th</sup> Avenue, and also provide a local incentive to reinvestment or establishment of a new business in our community.

This program is intended to encourage significant investment and improvement in businesses and not to perform routine maintenance.

### **PROGRAM OBJECTIVES**

To encourage the full utilization of older buildings, and development of new buildings along the 38<sup>th</sup> Ave. Corridor.

To reduce the rate of vacancy, and assist in removing blight from the 38<sup>th</sup> Avenue Corridor.

To provide financial assistance to property and business owners in overcoming the barriers associated with the reuse of older buildings and growing a business in Wheat Ridge.

Generally, to promote and encourage continued growth and expansion of business and residential activities in Wheat Ridge, and to support the purposes of the Neighborhood Revitalization Strategy & Economic Development.

### **ELIGIBILITY**

A property must be located within the target boundaries. (Boundaries are subject to change. Currently the loan program is located on 38<sup>th</sup> Avenue between Sheridan and Wadsworth). This will create a significant investment in existing or new businesses along the City's main commercial street.

Applicants receiving funding must be current on all Taxes levied by of the City, County, and District, City Earned Income Tax, Business Privilege Tax, Business License, Per Capita Tax, Water and Sewer bills, Garbage fees, Rental Unit Registration/License Fees, Municipal Liens and any miscellaneous invoices.

### **ELIGIBLE PROJECT COSTS & USES**

Facade improvements and signs

Interior improvements

New building development

Major renovations

Small business equipment purchases (Ex. Restaurant Equipment)

\* ALL OF WHICH WILL POSITIVELY AFFECT THE BUSINESS CLIMATE ON 38<sup>TH</sup> AVE.

## **INELIGIBLE USES OF PROGRAM FUNDS**

Program funds cannot be utilized for any of the following uses:

1. Property acquisition costs
2. Refinancing or paying off existing debt
3. Site plan, building or sign permit fees
4. Building demolition
5. Property appraisal costs, legal fees or loan origination fees
6. Working capital
7. Inventory
9. Improvements to residential portions of mixed-use property.
10. Labor costs paid to the owner/applicant or relatives of owner/applicant.

## **APPLICATION AND SELECTION PROCESS**

Applications may be obtained in person in the offices of Wheat Ridge 2020, Inc. WR2020 staff shall determine initial eligibility of each applicant and the corresponding project. Upon determining the applicant's and project eligibility, the estimated scope of work for the project will be discussed. The pre-application process will also include a site visit by WR2020 staff or partners (currently Micro Business Development). If the applicant and staff representative or partner reach consensus that the project should move forward, the project will be presented to the WR2020 Finance Committee for approval. This committee will meet once per month to provide input, make suggestions to scope of work and approve or deny individual projects. WR2020 Staff will not process incomplete applications for consideration to the Finance committee. Upon approval, a Loan Program Agreement will be executed and the project can proceed.

**A \$250 non-refundable application fee (payable to Micro Business Development) must be included with the application packet.**

NOTE: WR2020, Inc., shall be held harmless for any disputes that may arise under any contracts between the applicant and contractor.

## **LOAN TERMS**

Loan Amounts: Minimum amount - \$ 10,000

Maximum amount - \$50,000\* NOT TO EXCEED 80% OF THE TOTAL PROJECT COST

Loan Structure: 1<sup>st</sup> or 2<sup>nd</sup> mortgage (Based upon demonstrated need 3<sup>rd</sup> lien position may be considered.)

Loan Terms: 0 –5 year term 0% interest rate for years 1-3 and 4% years 4-5\*

Up to a 20 year amortization.\*

\*Terms of loan are determined by factors including the extent of lease for tenants of building & based on asset life.

## **FINANCING GUIDELINES**

Applicants must demonstrate proof of 20% in matching funds, whether owner equity or private financing. Eligibility, rates, terms, and conditions of private financing will be determined on an individual basis subject to the normal credit granting criteria of participating private banking institutions. All costs and fees associated with the project can be included in the total project budget.

Program funding will be in the form of a reimbursement to the property owner/applicant. Requests for funding may be made at 30%, 60%, and 90% project completion or as negotiated between borrower and lender. Applicant may make up to three draws (unless negotiated differently) on program funds with 10% of each draw being retained by the WR2020. WR2020 will release the final 10% upon project completion and/ or issue of certificate of occupancy.

## **DESIGN STANDARDS & GUIDELINES**

WR2020 requires that design standards are consistent with all City codes and Ordinances.

Additionally WR2020 recommends that renovation and new building design strives to modernize and update the commercial corridor and complement the corridor's characteristics.

## **PROCESS**

Applicants will be required to complete an application packet provided by WR2020. Applications may be obtained at the WR2020 office or by calling 720-259-1030 and may be found at [www.WheatRidge2020.org](http://www.WheatRidge2020.org).

Applications must be completed with all required documentation and submitted prior to processing.

The City must approve design plans prior to release of any funding.

The applicant will secure quotes from at least two contractors.

WR2020 reserves the right to decline a loan request to any project which, in its sole discretion does not reflect appropriate quality design standards, meets the intent of the lending program, or which may be deemed to have a negative impact on the target area.

Funding for projects undertaken prior to the written approval will not be considered.

Professional design assistance and construction management is available through the City's Wheat Ridge Business District program.

When a loan request package is accepted, WR2020 will issue a commitment letter to the applicant. The applicant must execute and return the Commitment letter verifying their intent to accept funding, and include a preliminary draw schedule for the funds. A settlement will be scheduled for the applicant. A

draw schedule will be approved as part of the settlement process. Disbursement of funds will be scheduled upon approved draws as renovations progresses.

All required municipal or governmental permits must be obtained prior to construction start-up.

Construction must commence within 60 days of approval for funding and be completed within 365 days after construction start date. Requests for time extensions must be submitted in writing and will only be approved upon the express written consent of Wheat Ridge 2020.

Funds will be provided on a draw basis upon completion of work. Executed contracts and/or contractor invoices must be presented prior to disbursement of program funds.

WR2020 will disperse loan proceeds based upon proof of completion of construction progress and amount of the draw.

After completion of the project, and for a period of five (5) years thereafter, the developer, its successors and assigns, agree not to modify or alter the façade, destroy the renovations, or remove the equipment from the building without the express written permission of WR2020.

### **Current Process Outlined with Micro Business Development**

Please note the current processing of applications with our partner Micro Business Development is outlined in the application. **Please note that this process is expected to take between four and six weeks.**

### **RIGHT RESERVED**

WR2020 reserves the right to reject any and all applicants up to the time of closing. The specific program guidelines herein are subject to revision or amendment by WR2020. WR2020 may discontinue this program at any time, subject to availability of program funding.

### **DEFAULT AND REMEDY**

To access program funds, applicants must demonstrate a bona fide commitment to implement building improvements and must certify that construction will commence within 60 days of funding approval and applicant shall complete the Project within 365 days thereafter. Applicant will be in default if purchases or rehabilitation work is not undertaken within the specific time period, with 100% of paid costs and expenses to be reimbursed to WR2020.

In the event of default the entire amount of outstanding Loan Program funds shall become due and payable, plus collection costs and reasonable attorney fees, if applicable. One or more of the following events shall constitute a default:

1. The Applicant fails to pay, when due, any real estate taxes or special assessments on the subject property during the term of the Loan Agreement.
2. The Applicant expends program funds for uses other than approved project costs as represented in the original application.
3. If, during a period of five (5) years following the completion of the project, the Owner/Applicant transfers ownership or interest in subject property to another party, unless, such transfer secures the prior written approval of WR2020
4. The Applicant defaults on bank loan or other public financing made in conjunction with the Loan Program.

## **SPECIAL NOTES**

SN1. Dealing with applicants who want to act as their own contractor.

a. General requirements: Applicant/contractor must meet all the following requirements:

Have adequate knowledge and experience doing rehabilitation work and/or subcontracting;

Have adequate time to supervise the job;

Have adequate working capital to be able to pay suppliers and subcontractors, who generally require payment as work is carried out, before funds are released, which is generally after work on specific components has been completed.

Hold any required licenses or approvals required by the city to conduct work as a contractor.

All borrowers who want to act as their own general contractor must obtain approval from the City, which may deny the request, based either on the borrower's failure to meet the requirements in section SN1.

b. Approval of disbursements: Where an applicant elects to perform work on their own property as the general contractor, invoices must be submitted to WR2020 for approval.

S2. Priority:

WR2020 will prioritize projects for Loan application processes. Because of the heavy demand for funds, decisions on making Loans and the amount of each Loan will be made in relation to the extent the overall proposed project advances the goals of improving building appearance and strengthening the downtown.