



**CITY OF COALINGA  
REDEVELOPMENT AGENCY  
BUSINESS LOAN INCENTIVE PROGRAM  
Adopted March 20, 2008**

The City of Coalinga Redevelopment Agency (Agency) Business Loan Incentive Program (BLIP) provides loans to assist and encourage correction of code violations. The Agency's loan may be provided in connection with a primary loan from Valley Small Business Development Corporation (VSBD) who will also be the program administrator.

**Purpose**

The purpose of the program is to provide assistance to businesses to correct code deficiencies.

**Program Structure**

Partnering with VSBD, the Agency will provide funding up to 50% of that which is needed to correct code deficiencies. Requests for assistance up to 100% may be considered on a case-by-case basis by the Agency Board. Assistance will in any event not exceed the maximum loan amount.

**Eligibility**

Eligibility is based on the Business having been issued a code violation by the City's Building Department. All code deficiencies must be corrected.

**Application Process**

1. The prospective Business (Applicant) applies for the BLIP loan at the VSBD office located at 7035 N. Fruit Avenue, Fresno, California. Applicant will provide VSBD with a copy of the Code Violation Notice issued by the City's Building Department, an estimate of the cost for code compliance improvements and any other required documentation.
2. VSBD determines the amount of funds needed based on the Agency's 50% contribution.
3. If approved by the Agency, VSBD will prepare the necessary loan documents.
4. VSBD will provide written notification of approval or denial to the Applicant.
5. Documents are signed and funds deposited into escrow with the required closing and disbursement instructions.

## **Maximum Loan Amount**

The maximum loan amount is \$50,000.

## **Interest Rate and Loan Terms**

The Agency loan is available at 3% interest for a period of 10 years. The maximum loan of \$50,000 would require a monthly payment of \$482.80.

In the event the business ceases or is sold, the loan becomes immediately due and payable. Agency BLIP loans are not assumable.

## **Loan Approval Process**

Applicant submits the completed application and required documentation to VSBD for the Agency's consideration. Applications for funding are considered on a first-come, first-served basis, and are subject to funding availability. Applicant will be provided written notification of approval or denial.

## **Loan Security**

All loans are secured by a promissory note and loan agreement. Additional security instruments may include, but are not limited to, a recorded deed of trust on real property, UCC-1 filing or a Personal Guarantee. Security for the Agency loan will be subordinate to the security for the primary loan from the participating lender.

## **Refinance and Subordination**

1. The Agency may approve a request to subordinate a BLIP loan, in order for the Borrower to refinance the primary loan, under the following conditions:
  - a) The lien position of the Agency loan remains the same or is advanced.
  - b) The new primary loan provides for refinance of the existing balance only (no debt consolidation or cash out).
  - c) The purpose of the new primary loan is to reduce the interest rate being paid and/or reduce the Borrower's payment.
2. A request to subordinate which does not meet the three criteria above, will not be considered.

## **Default**

The Agency loan shall be considered in default under the following events:

1. BLIP funds are used for any purpose other than authorized in the Agency loan agreement or these guidelines.

2. Borrower does not pay on the due date any amount payable under the terms of the loan agreement or promissory note.
3. Borrower fails to comply with any obligation under the loan agreement, promissory note or deed of trust other than those in items 1 or 2, and does not remedy the failure within ten days after notice from the Agency.
4. Borrower ceases to carry on, or announces the cessation of, all or a substantial part of its business.
5. A voluntary or involuntary bankruptcy proceeding is started against the Borrower or business.

If there is a default, at the Agency's option, the unpaid principal and interest of the Agency loan will be immediately due and payable in full. This is in addition to any other rights or remedies of the Agency for default.

### **Fire Insurance**

The Borrower shall maintain fire insurance on the Business property for the duration of the Agency loan. This insurance must be an amount adequate to cover all encumbrances on the property. The insurer must identify the Agency as Loss Payee for the amount of the loan. An insurance binder shall be provided to the Agency before the Agency funds the BLIP loan..

### **Program Complaint and Appeal Procedure**

Complaints concerning the BLIP Program should be made first to VSBD. If the Applicant/Borrower is not satisfied with the lender's decision, an appeal may be filed with the Agency Board within 45 days after issuance of the lender's written response.

### **Amendments**

Amendments to these guidelines may be made by the Agency pursuant to Redevelopment Law.

### **Exceptions**

Exceptions to these guidelines will require Agency Board approval.