



SECTION 108 LOAN GUARANTEE PROGRAM APPLICATION FOR A BUSINESS LOAN FUND



Village of Oak Park
Development Customer Services
123 Madison Street
Oak Park, Illinois 60302

Village of Oak Park, Illinois

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Village of Oak Park Section 108 Program Loan Fund Application to the U.S. Department of Housing & Urban Development

1. Summary

In the PY 2015-2019 Consolidated Plan for Housing and Community Development (Con Plan) and the PY 2015 Action Plan, the Village of Oak Park (hereinafter, “the Village”) emphasized that economic development was a high priority and noted that in 2016 we would pursue a Section 108 Loan Guarantee Program, which is administered by the U.S. Department of Housing and Urban Development (HUD). Both plans are now being substantially amended to include Section 108 application specifics.

The Village now seeks to establish a Section 108 loan fund of \$3 million focused on lending to small- and medium-sized businesses. These funds, if approved, will be used by the Village to promote businesses expansion and improvement, create and/or retain jobs, assist low/moderate-income households, and deliver positive economic benefits for the Village and its residents. Basic eligibility requires each proposed project to be located within the municipal boundaries of the Village and to meet the requirements of the Community Development Block Grant (CDBG) Program. This application for a Section 108 loan fund program follows the Village’s Citizen Participation Plan, which was recently updated to include Section 108.

Loans made under this section 108 Loan Fund application will qualify under one or more of the following eligible activities: 24 CFR 570.703(a),(e),(f),(g),(i) & (l). With regard to National Objectives, Section 108 loan fund projects will qualify under one or more of the following criteria for compliance: 24 CFR 570.208(a)(1)(2) & (4) and 24 CFR 570.208(b)(2). Projects funded under 24 CFR 570.703(i) will meet the Public Benefit test pursuant to 24 CFR 570.209(b), where applicable.

As each project becomes ready for commitment, the Village will submit a loan proposal to HUD with a full description of the project, an explanation of the eligible activity and national objective to be achieved, and analysis of the project's compliance with the Village’s underwriting guidelines (as described in greater detail below). The Village understands that such information will be required prior to release of funds to the Village or its custodian for an individual loan project.

2. Introduction

A. Administering Agency

The Village operates under the Village Manager form of government. An elected legislative body of a President and six Trustees hires a professional Manager to oversee the day to day administration of government programs and services. The President and Board approve all HUD-funded projects. The Development Customer Services Department is the

designated agency administering HUD funds on behalf of the Village. The Village currently receives Community Development Block Grant (CDBG) and (usually) Emergency Solutions Grant (ESG) funds, and is a member of the Cook County HOME Investment Partnerships Program (HOME) Consortium.

The Village's Development Customer Services Department oversees building permits, inspections, code enforcement, business licensing, planning, historic preservation, zoning, housing and the aforementioned federal grants. This management structure is designed to streamline Village Hall processes and enhance customer service to deliver quicker response times and a speedy resolution of issues that can affect a property improvement project or investment opportunity.

The Development Customer Services Department – specifically its Neighborhood Services Division – consults with a number of agencies throughout the year. Continuum of Care members, community representatives, subrecipients, and public service agencies provide input into the department's plans for HUD funding in on-going consultations and collaborations.

B. Geographic and Demographic Characteristics

The Village is a thriving community of approximately 52,000 people located immediately west of the city of Chicago in northeastern Illinois. The Village is noted for its diverse population and its architectural heritage, being known particularly as the place with the most Frank Lloyd Wright designated buildings anywhere in the world. Within its 4.5 square miles live one of the region's most diverse mixes of cultures, races, ethnicities, professions, lifestyles, religions, ages and incomes.

Job growth in the Chicago metropolitan area over the next ten years is expected to be focused in a few key areas including the service sector (both food and retail categories), technology, healthcare, construction and industrial sectors. These represent the top 30 growth occupations with an annual compound growth between 2.0 and 3.66 (3.66 being the highest growth and 0 being the lowest).

While economic conditions in the area are now fairly stable, Oak Park certainly experienced the impact of the recession similar to the rest of the country. Unemployment peaked at 8.2% in August of 2011 but has since dropped significantly. However, the business community is still in need of assistance in order to thrive. While the Downtown Oak Park business district has generally done well, several other areas of the Village have experienced increased vacancy rates and disinvestment, including the Madison Street, Roosevelt Road, Harrison Street, Chicago Avenue and North Avenue corridors.

This lack of tax revenue has placed a heavy burden on both property owners and renters. Decreasing tax revenue in general has caused the Village to increase property tax rates. This increases property tax payments for homeowners and is particularly burdensome for low-income owners. It also increases property taxes on rental properties and these costs are being passed along to both residential and commercial tenants. This is causing two

problems: 1) both rental and ownership housing is less affordable and 2) businesses are finding it difficult to find affordable lease space and shy away from expansion, whether the expansion would be accomplished by leasing or buying additional space. Thus, encouraging business growth and expanding the tax base is a vital tool to relieve the tax burden on residents to ensure that housing remains affordable. Moreover, providing jobs to low- and moderate-income persons is a high Con Plan priority.

C. Needs and Goals

After talks with local businesses, local bankers and the Oak Park Economic Development Corporation, the Village realizes that local businesses greatly need assistance. The barriers to such businesses improving or expanding in Oak Park include:

- a. Difficulty to find low interest financing
- b. Antiquated building stock
- c. Building code/health & safety requirements
- d. High acquisition costs for real estate
- e. High lease costs
- f. High real estate taxes
- g. Size of properties; difficulty of assembly
- h. Costly ADA requirements
- i. Lack of adequate parking

The objectives of the Village's proposed Section 108 Loan Fund are:

- Spur the improvement of existing businesses
- Assist small and medium sized businesses with financing for acquisition, rehabilitation and tenant build-outs, as well as equipment, furnishings and fixtures
- Promote neighborhood revitalization through upgraded building stock
- Create jobs benefiting low- and moderate-income individuals
- Broaden property tax base and thereby alleviate tax burden, which puts a particular strain on low- and moderate-income homeowners
- Support sustainable businesses
- Align development with the PY 2015-2019 Consolidated Plan and *Envision Oak Park* (comprehensive plan)

The Village will follow its updated Citizen Participation Plan in all aspects of the proposed Section 108 Loan Guarantee Program.

D. Overall Section 108 Strategy

In the Con Plan and the PY 2015 Action Plan, the Village emphasized that economic development was a high priority and noted that we would pursue a Section 108 Loan Guarantee Program in 2016. Both plans are now being substantially amended to include Section 108 application specifics.

Moreover, the Village is pursuing Section 108 funds in cooperation with the document *Envision Oak Park*, which is the Comprehensive Plan for the Village that was finalized in 2014. The Economic Health and Vitality chapter of *Envision Oak Park*...

“...discusses the symbiotic relationship between economic development and the overall quality of the Oak Park community. A strong commercial environment generates necessary tax revenue, creates jobs and spurs additional development opportunities. Just as importantly, it provides local activities, access to goods and services, and neighborhood identity for residents.”

The Village will apply for Section 108 Loan Guarantee funds at nearly two times its current approved Community Development Block Grant (CDBG) entitlement allocation. The Village will request \$3 million in Section 108 Loan Guarantee funds to establish a loan fund, mainly for small and midsize businesses. The requested Section 108 amount is far less than the maximum allowable, which is over \$7.5 million. The HUD Repayment Schedule includes the following:

- A maximum 20 year repayment term, with the option of paying some loans having shorter terms.
- Repayment based on remittances from third parties assisted with loan funds.

Per the regulations at 24 CFR 570 – Subpart M, Loan Guarantees – the Village will use the Section 108 Loan Fund to fund projects located within the Village that provide clear economic and community development benefits to the Village. The Section 108 Loan Fund will represent a new tool that the Village can use to support economic development efforts for which jobs for low- and moderate-income residents will be created, retained and/or made available. Section 108 Loan Guarantee financing will enable the Village to sustain and grow local businesses, as well as to assist low- and moderate-income persons.

The Village will give priority to proposed loan projects that include one or more of the following economic benefits: create or retain permanent full-time equivalent jobs held by/made available to low- and moderate-income persons; increase the availability of goods and services needed by nearby residents; serve as an anchor for future economic development; enhance the local tax base through increased sales and/or property taxes; and include energy-efficient building or process improvements.

The Village will establish a loan review committee. Prospective applications will be reviewed by the Village and this Section 108 Loan Review Committee, with help from a consultant with a specialty in underwriting.

For potential loan applicants, the Village intends to issue a formal Request for Proposals with a specific timeline, but will also accept rolling applications subject to funding availability. The Village, the underwriting consultant and the Loan Review Committee will ensure that applications will be evaluated according to the following criteria: reasonableness of project costs, committed financing, need for federal assistance, project feasibility and readiness, return on equity investment, development capacity, the ability of the project to repay the loan from project revenues, loan-to-value ratio, and pro rata disbursement of funds.

The Village's Section 108 loans will be made primarily to small- to medium-size businesses eligible for loans up to \$1 million. The Village will generally provide all loans for the purpose of financing the "gap" between private sector lending and businesses' equity contributions for projects. The Village's Section 108 loans will be provided at interest rates that are lower than conventional financing. The Village intends to charge a processing fee to all applicants and a loan closing fee to all approved local borrowers. Otherwise, the primary source of repayment will be from business repayments to the loan fund. With regard to additional security, the Village will pledge its annual CDBG allocations and assign its interest in the fund loans, secured by liens on real property, equipment or accounts receivables. In certain cases, outside guarantees may suffice for additional collateral.

The Village's proposed Section 108 Program components are more fully described below.

3. Section 108 Application Submission Requirements

A. Community Development Objectives

The Section 108 loan fund will result in increased lending for economic and community development in the Village, thus furthering the Village's Economic Development Goals as listed in the PY 2015-2019 Consolidated Plan, as amended.

B. National Objective: 24 CFR 570.208 (a)(4); 24 CFR 570.208 (a)(1-2); 24 CFR 570.208(b)(2); 24 CFR 570.209(b)

In accordance with HUD's CDBG regulatory requirements at 24 CFR 570 – including 24 CFR 570, Subpart M, Loan Guarantees – most Section 108 funded activities will be based upon the "benefit to low- and moderate-income persons" National Objective. As such, at least seventy percent of CDBG funds, including Section 108 dollars, will be utilized to the benefit of low- and moderate-income persons. The Village will:

- Primarily use the following CDBG National Objective activity subcategory:
 - Low/Mod Job Creation/Retention (LMJ) – Each 108 project will create or retain permanent jobs, at least 51 percent of which (computed on a full-time equivalent basis) will be held by or made available to LMI persons, per 24 CFR 570.208 (a)(4).
- Secondly, the Village's proposed Section 108 Loan Fund also has the potential to:
 - Work in low- and moderate-income areas and/or serve a low- and moderate-income limited clientele, per 24 CFR 570.208 (a)(1-2).
 - Help eliminate Blight on a spot basis, per 24 CFR 570.208(b)(2).

If a loan project creates or retains jobs to satisfy the LMJ National Objective, the Village will enter into a jobs agreement with the Obligor and/or other appropriate parties ensuring the incorporation of job requirements and reporting in tenant lease agreements to support compliance with 24 CFR 570.209(b).

C. Eligible Activities

Each of the projects to be assisted with the Section 108 loan fund will be eligible under 24 CFR 570.703. Because this application is for a loan fund, Section 108 loans will qualify under one or more of the following eligible activities: 703(a)(acquisition); 703(e)(clearance, demolition, removal); 703(f)(site preparation); 703(g)(debt service); 703(i)(economic development activities) or 703(l)(public facilities). None of the projects assisted with the proposed Section 108 Loan Fund will be used for the ineligible activities listed in 24 CFR 570.207(a).

D. Guidelines and Objectives for Evaluating and Selecting Proposed Projects

All eligible Section 108 projects (under Section 570.203 & 570.204) must meet the evaluation and selection requirements of Section 570.209 to ensure that proposed projects are reasonable and sound. While the guidelines listed under 570.209(a) are not mandatory, they do outline best practices for underwriting Section 108 projects. The Village has produced underwriting guidelines consistent with Section 570.209; these are more fully described in the Village Underwriting Guidelines section of this application. Each Section 108 loan fund project for which Section 570.209 applies will follow these guidelines, and will also meet the public benefit standards.

4. Village Section 108 Underwriting Guidelines

A. Project Management

The Section 108 Loan Fund will be managed by the Village Development Customer Services Department, which will underwrite all loans with assistance from the Loan Review Committee and a consultant specializing in underwriting.

B. Loan Term, Interest Rate & Fees/Costs

Section 108 loans cannot exceed a loan term of 20 years, and no loan will exceed the overall 20 year term of this loan fund; no loan will exceed the useful life of the asset being financed.

Village notes guaranteed under Section 108 during the interim financing period will bear a floating rate based on a formula (90 day LIBOR plus 20 basis points, or 0.2%, adjusted monthly). The Village will charge the borrower up to 3% over the initial floating rate on the Village's note. After inclusion in a public offering arranged by HUD, the Village will carry a fixed rate for each maturity of principal pursuant to the public offering. The Village will charge the borrower 2% more than the rate on the Village's note. Preferred loan terms are:

- Working Capital – Up to a maximum of 10 years.
- Machinery and Equipment – Up to a maximum of the economic life of the machinery and equipment or 20 years, whichever is less.
- Renovation – Up to a maximum of 20 years.
- Acquisition of land, buildings or new construction – Up to 20 years.

As detailed below, the Village will charge a processing fee to all applicants and a loan closing fee to all approved local borrowers. Borrowers will also be responsible for other fees including but not limited to those noted below. Most of the fees will go into a Loan Loss Reserve to protect the Village against risk.

- **Processing Fee:**
A non-refundable fee of \$200 is payable at the time an application is submitted.
- **Section 108 Loan Fee:**
The applicant will pay 2%-3% of the total Section 108 loan amount due at the time of closing.
- **Other Fees:**
The applicant will be responsible for all other fees, including bank, Small Business Association (SBA), and institutional lender fees, appraisal and environmental fees, legal fees from outside firms, and any other fees. Applicants will receive a Good Faith Estimate of the projected Village fees, which may or may not be adjusted at closing.

C. Underwriting Consultant

Prior to involving the Section 108 Loan Review Committee (described in the next section), Village staff and the Village's underwriting consultant will perform a preliminary analysis of the past, interim and projected financial statements, tax reports, payroll information, debt schedule, business plan, copies of agreements such as purchase options (where applicable) or financing commitments, project budget/proforma, and any other required documentation.

The purpose of this analysis will be to ensure a proposed project carries out an economic development objective in an appropriate manner. The guidelines under 570.209(a) are not mandatory but serve as a framework for financially underwriting economic development projects. The Village's process, outlined below, is consistent with 570.209. Each project assisted with the Section 108 Loan fund to which Section 570.209 is applicable will comply with these guidelines.

This preliminary review will reveal:

- If the project meets the HUD guidelines for eligible activities and at least one of the national objectives, per this application;

- If the applicant has the capacity to carry out the proposed project;
- If the applicant has the capacity and integrity to pay the debts to a first lender (if applicable) and the Section 108 loan; and
- If the applicant has the capacity of fulfilling all of the requirements of the Section 108 Loan Program.

The Village and the consultant will hold a site meeting with the applicant at the applicant's location early in the process to gain insight into the business, answer the applicant's questions and request any needed information. The meeting will take place prior to application submittal in order to help the applicant determine whether or not a Section 108 loan is right for that particular business and project. If the preliminary review is positive, the applicant will be allowed to fill out a Loan Application Form with supporting documentation as detailed below.

History and Business

An evaluation will be made on how long the applicant has been in business and the type of goods or services that the business provides. It is necessary to analyze the request with respect to the specific type of business because different businesses have different financing needs and payment terms, as well as other unique factors. (The balance sheet and operating ratios vary considerably from industry to industry.)

Project Description

The Village will ask the applicant to provide a detailed description of the proposed loan project including but not limited to budgets sufficient to determine cost reasonableness.

Resumes

The Village will analyze resumes, as they provide insight into the background and qualifications of the principals and key management personnel. One factor that is important is that key staff persons have adequate past experience in a related business.

Financial Statements

The Village will ask the applicant to provide historical financial statements and Federal Income Tax returns. If the most recent annual statement is more than two months old, an interim statement not more than 60 days old also will be required. When applicable, statement analyses should include a trend analysis; the ability to repay debt, both short and long term; and the adequacy of working capital.

Projected Financial Statements

The Village will ask the applicant to provide three-year projections that include balance sheets and a profit & loss statement. The projections will need to include the impact of the proposed financing and the underlying assumptions used to create the projections. For example, it should be clear that projected cash flow will service the proposed debt.

Personal Financial Statements

The Village will ask the applicant to provide personal financial statements from everyone having twenty percent (20%) or more ownership of the business, along with personal Federal income tax returns for the most recently filed three years. Personal guarantees

are generally required from principals of the applicant.

Appraisal

Appraisal reports will be required for proposed loan projects involving acquisition and construction. The applicant should provide a copy of the appraisal ordered by the participating lender (bank, SBA, or independent institutional lender).

Credit History

Independent credit investigations are conducted on the applicant and the principals. This includes real estate searches, Uniform Commercial Code searches with the Secretary of State and personal credit reports on the principals. This credit investigation is used, in part, to verify the accuracy of the information provided by the applicant and the principals, and to find out if there are any undisclosed judgments, liens, etc.

Evidence of Site Control and Zoning

Applicants for loans must demonstrate evidence of ownership or site control. Evidence would include an executed option or purchase and sale agreement. Applicants must submit proof of, or an application for, zoning compliance.

Involving Village staff and the underwriting consultant, each application for a Section 108 loan project will go through the following financial analysis process:

Ability to Repay

The analysis will identify the primary, secondary and, when necessary, tertiary sources of repayment for the loan. Projects will have at least a 1.20 projected debt coverage ratio, although a slightly lower debt coverage ratio may be considered if the project's financial condition ratio (e.g., having a favorable lessee with a long lease term) supports this lower ratio.

Key repayment risks will be analyzed in detail, including an analysis of project financial assumptions compared to actual market conditions. The analysis will compare anticipated lease rates to similar properties, where applicable, and compare anticipated vacancy rates to similar properties, where applicable. The analysis will also describe the projected leasing time frame to achieve project stabilization and whether reserves exist to ensure that delays are avoided. If there should be a balloon payment at the end of the loan term, the analysis will describe the projected financial condition of the property on the maturity date, the project's ability to make the final payment, and efforts to mitigate risk. Debt service reserves may also be required. Furthermore, the Village will reference appropriate supporting documentation to support the analysis; for example, a recent appraisal and a 15 year operating pro forma.

Collateral

Loan to Value Ratios should be (taking into account all loans for the proposed project):

- Land and building: 80%
- Used machinery and equipment: 80%

- New machinery and equipment: 80%
- Receivables: 70%
- Inventory: 50%

Development Team Capacity & Experience

Projects funded shall have a development team that has both the capacity and experience to complete the project as demonstrated by past projects and financial strength. Resumes will be checked and past project successes or failures will be considered, especially with regard to government-funded projects that contained specific requirements such as Davis-Bacon and Related Acts.

Developer/Owner Commitment

The commitment from the developer/owner should include adequate equity, guarantees of completion, guarantees to fund shortfalls, and guarantees of minimum cash flow.

Gauging Character

Steps will be taken, in an objective fashion, to gauge the character of a borrower. The credit history of a borrower will be evaluated as part of these criteria.

Proposed Costs

The Village underwriting process will include comparing estimated development costs to costs of similar properties, while also seeking to determine whether estimated development costs have been prepared by a credible third party such as a contractor or other cost estimator. In addition, the Village's loan commitments for financing construction or rehabilitation will rely upon a final guaranteed maximum price contract for development within the proposed budget.

Commitment of Funds

Potential borrowers seeking a Village Section 108 loan should have commitments of construction and permanent financing. If private financing includes a right to adjust the interest rate after a specific amount of time, the underwriting analysis will state the effect of such a change on the potential Section 108 loan. Loan documents should contain adequate lender protections for the Village, subject to reasonable conditions of other lenders having priority over the Section 108 loan.

Need for Public Assistance

The underwriting process will determine whether the potential loan project can be developed feasibly with private financing alone or whether it does indeed require public financial assistance to make the development feasible.

D. Section 108 Loan Review Committee

With each proposed Section 108 Loan Funds project, the Village Development Customer Services Department will call together the Section 108 Loan Review Committee (Loan Review Committee) to consider the proposal. Consisting of five persons, the Loan Review Committee will be comprised of the Village Manager (Chair), the Development Customer Services Director, the Finance Director, the Oak Park Economic Development Corporation

Executive Director, and one member at-large to be designated by the Village Manager. The specific duties and processes for the underwriting consultant will be determined at a later date, but it is clear that staff and the underwriting consultant will write a report on each loan applicant and forward this to the Loan Review Committee.

The Loan Review Committee will review each application with the required financial information to determine:

- a. The number of jobs to be created/retained (relative to the amount of the loan);
- b. The amount of Section 108 loan fund participation necessary (relative to the amount of jobs being created);
- c. The ability of loan applicant to repay the loan; and
- d. The collateral or security available.

Loan Review Committee members will meet and discuss each loan application. At the conclusion of the meeting, Loan Review Committee members will vote whether to recommend approval or disapproval of the proposed loan project. The Loan Review Committee Chair will then submit the recommendation to the Village Board for final approval. If a loan project is approved by the Village Board, it will then be advertised for a 30 day public comment period and, after this period (assuming public comments are adequately addressed), it can be submitted to HUD for approval. No loan shall be made without the favorable recommendation of the Loan Review Committee.

E. HUD Public Benefit Requirements

The Village's Section 108 Loan Fund will ensure that the Public Benefit standards are met. One low- and moderate-income full-time equivalent job will be created or retained for every \$35,000 invested in the aggregate; or one low- and moderate-income income full-time equivalent job will be created or retained for every \$50,000 invested for an individual activity. For the Village's proposed \$3 million Section 108 loan fund, using the individual standards, the Village will have to create and/or retain a total of 60 jobs if all funds are lent out (86 jobs if using the aggregate standards).

The Village will give priority to proposed loan projects that include one or more of the following economic benefits: create or retain permanent full-time equivalent jobs held by low- and moderate-income persons; increase the availability of goods and services needed by nearby residents; serve as an anchor for future economic development; enhance the local tax base through increased sales and/or property taxes; and include energy-efficient building or process improvements. The Village also will favor businesses located in underserved areas.

5. Village Section 108 Repayment Schedule

The Village will act as borrower and will issue the debt obligations. The Village intends to charge a processing fee to all applicants and a loan closing fee to all approved local borrowers. Otherwise, the primary source of repayment will be from business repayments to the loan fund. With regard to additional security, the Village will pledge its annual CDBG

allocations and assign its interest in the fund loans, secured by liens on real property, equipment or accounts receivables. The Village will follow this repayment schedule (though changes to the schedule over time are imminent):

Date/Year	Principal Repayment
January 1, 2019	\$0
January 1, 2020	\$0
January 1, 2021	\$75,000
January 1, 2022	\$78,000
January 1, 2023	\$82,000
January 1, 2024	\$87,000
January 1, 2025	\$93,000
January 1, 2026	\$100,000
January 1, 2027	\$108,000
January 1, 2028	\$116,000
January 1, 2029	\$125,000
January 1, 2030	\$135,000
January 1, 2031	\$146,000
January 1, 2032	\$158,000
January 1, 2033	\$172,000
January 1, 2034	\$189,000
January 1, 2035	\$210,000
January 1, 2036	\$235,000
January 1, 2037	\$264,000
January 1, 2038	\$296,000
January 1, 2039	\$331,000
Total	\$3,000,000

6. Pledge of CDBG Guarantee

The Village hereby assures HUD that if the Village fails to make a required payment on its note, as an entitlement community the Village has the legal authority to pledge future CDBG grants so that HUD can deduct that payment from the Village's CDBG Line of Credit. In accepting this loan guarantee, the Village will pledge all HUD entitlement grants made to the Village, or for which the Village may become eligible, as security for the loan guarantee.

7. Other Section 108 Loan Fund Components

A. HUD Performance Measurements

The Village's Section 108 Loan Fund will meet the following HUD objective and outcome

Performance Measurements:

Creating Economic Opportunities. This objective applies to the types of activities related to economic development, commercial revitalization and/or job creation.

Sustainability: Promoting Livable or Viable Communities. This outcome applies to projects where the activity or activities are aimed at improving communities or neighborhoods, helping to make them livable or viable by providing benefit to persons of low- and moderate-income.

B. Procurement

In accordance with HUD regulations, Section 108 financed projects for private, for-profit businesses are exempt from HUD procurement policies.

C. Relocation

Section 108-funded activities that result in the displacement of persons or businesses will trigger the Uniform Relocation Act compliance requirements.

D. Environmental Assessment

All proposed projects are subject to an environmental review. The environmental submission will be the same as required by the first lender. For projects that do not require the participation of another lender, the Village will request from the borrower an Environmental I Assessment and if needed, an Environmental II Assessment. The borrower will pay for the environmental assessment(s) and the Village will reimburse the borrower the cost of such assessment(s) with the loan proceeds, at closing.

- Projects that require funding for land and building pursuant to HUD guidelines will be required to have a Phase I Environmental Assessment and if applicable, a Phase II Environmental Assessment.
- Projects that require funding for machinery/equipment and working capital pursuant to HUD guidelines are exempt from the Phase I and Phase II Environmental Assessments.

E. Locations

Section 108 Loan Guarantee funds will not be targeted to any particular area, but are expected to favor businesses in the following underserved locations: Madison Street, Roosevelt Road, Harrison Street, south Oak Park Avenue, east Lake Street, Austin Boulevard, Chicago Avenue and North Avenue.

F. Other Program Information

All Section 108-funded projects are required to comply with federal, state and local statutes, regulations and requirements, including but not limited to: Davis-Bacon and

Related Acts, Workers Compensation, Section 3 of the Housing and Community Development Act, and insurance requirements.

G. Contact Information

The Section 108 contact person for the Village is:

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