

1st edg 2/6
2nd edg 2/22
EFFEC. 3/14

TOWNSHIP OF LOWER, COUNTY OF CAPE MAY, STATE OF NEW JERSEY

ORDINANCE #2012-04

AN ORDINANCE OF THE TOWNSHIP OF LOWER ESTABLISHING THE GUIDELINES OF ECONOMIC DEVELOPMENT REVOLVING LOAN FUND

WHEREAS, the Township of Lower has received a Small Cities Grant from the State of New Jersey, and

WHEREAS, a Revolving Loan Fund was established by the Grant, funded by interest and principal payments received from outstanding loans, and

WHEREAS, pursuant to the terms of the said Grant contract, the Township may lend monies from the Revolving Fund to other businesses in the Township of Lower, and

NOW, THEREFORE, BE IT RESOLVED by the Governing Body of the Township of Lower that all new Economic Development loans made by the Township of Lower from funds emanated from the above described Small Cities Grant shall be structured pursuant to the following criteria:

1. All future loans shall not exceed \$130,000 to an eligible small business which may use the loan funds to support its capital purchases and site improvements.
2. An "eligible small business" is a business entity that, at the time of application for participation in the Economic Development loan program, is independently owned and operated; is organized for profit with a place business located in the Township of Lower; operates primarily within the Township of Lower; has less than 100 full-time employees; has not raised \$10,000,000 or more in total equity financing; and has not received \$10,000,000 or more in financing from any source.
3. Each such loan shall be to an existing business or new business provided that same shall commit to increasing its full time employment level within four years by no less than 10 percent of full-time employment, or one full-time employee, whichever is greater, above its full-time employment level at the time of its loan application.
4. The terms of the loans are for ten (10) years; interest to be set at 1% below the Prime Lending Rate, or such rate of interest as set by the Governing Body of the Township by resolution. Interest is to be quarterly with a 1/10th reduction of principal annually. The principal reduction is also to be paid quarterly.
5. In the event of a late payment of the quarterly interest and principal reduction, interest shall be charged and paid through the date of payment. The next payment of interest shall be computed from the actual due date and not payment date of the prior payment.
6. All loans will be secured by a first lien on the receivables of the business entity receiving the loan and shall be personally guaranteed by the members of the enterprise.
7. No loans shall be made to any business which is insolvent (i.e. annual projected liabilities exceed annual projected revenue) or in bankruptcy. Applicants shall be required to demonstrate solvency and certify that the business is not in bankruptcy.
8. The Township Treasurer shall maintain all books and records in accordance with generally accepted accounting principles. The Treasurer shall issue checks for all loan proceeds, and receive all loan repayments and interest payments.

9. All loan documents shall require the payment of all indebtedness to the Township of Lower, with interest, should the applicant sell its business or terminate said business.
10. Any future recipient of a loan pursuant to the terms of this Ordinance shall be responsible to pay all the costs engendered by the said loan, including but not limited to administrative costs, attorney's fees, title searches and any and all other costs which may be accrued by the Township of Lower.
11. The revolving loan program shall be administered in accordance with all applicable terms an agreement between the Township of Lower and the State of New Jersey and applicants shall agree to adhere to all necessary provisions thereunder.

NOW, THEREFORE IT BE ORDAINED by the Township Council of the Township of Lower, Cape May County, State of New Jersey, as follows:

SECTION 1. The Township Council hereby approves the terms of the Economic Development Loan Program.

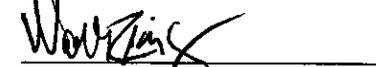
SECTION 2. The Township Treasurer is hereby authorized to enforce the terms of the Economic Development Loan Program.

SECTION 3. All other ordinances in conflict or inconsistent with this Ordinance are hereby repealed to the extent of such conflict or inconsistency.

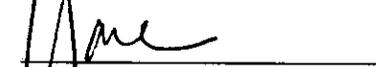
SECTION 4. Should any section, paragraph, sentence, clause or phrase of this Ordinance be declared unconstitutional or invalid for any reason, the remaining portions of this Ordinance shall not be affected thereby and shall remain in full force and effect, and to this end the provision of this Ordinance are hereby declared to be severable.

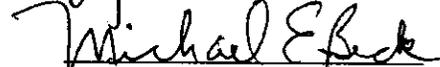
SECTION 5. This Ordinance shall become effective twenty (20) days after final passage and publication, according to law.


Thomas Conrad, Councilmember


Walt Craig, Councilmember


Glenn Douglass, Councilmember


Kevin Lare, Councilmember


Michael E. Beck, Mayor

Attest: 

Adopted: 