

**City of Gaylord Revolving Loan Fund:** Was established to provide city-wide low interest, long-term financial assistance to existing and new businesses through a joint private/public sector partnership. These funds can be used as follows:

- Correction of health and safety code deficiencies
- Interior and exterior improvements
- New industrial construction
- Purchase of production equipment or machinery
- Purchase of existing structure

Eligibility: Applicants may be individual owners, partnerships, LLC's corporations, tenant operators, or contract for deed purchasers. Priority will be given to applicants who, without the low interest rate, would not be able to improve their property or locate new industry in Gaylord. Businesses must be located within city limits.

The following are the terms and conditions of the loan:

- The RLF may provide up to 50% of the total dollar amount being borrowed. Matching funds of at least equal to the RLF loan amount must be provided at current interest rates by a third party lender.
- Maximum RLF loan amount is \$30,000.
- Maximum RLF loan term is 10 years.
- Interest rate is currently set at 4%. However, the City reserves the right to adjust the rate on a case by case basis necessary to develop businesses in Gaylord.
- Payments must be made on a monthly basis.

The other requirement is a \$150 origination fee required at time of closing

**Attached to this summary is the application form.**





# **GAYLORD EDA REVOLVING LOAN FUND APPLICANT PACKAGE**

Attachment #1 – Applicant Checklist

Attachment #2 – Program Guidelines

Attachment #3 – Application

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Attachment #1

## **REVOLVING LOAN FUND**

### Applicant Checklist

- \_\_\_\_\_ 1. Apply to Lender first for preliminary approval of financing.
- \_\_\_\_\_ 2. Items you will need to take care of after application is taken:
  - \_\_\_\_\_ a. Need lender commitment letter to reserve funds for your project. \*
  - \_\_\_\_\_ b. Need complete bids for all work that will be done.
- \_\_\_\_\_ 3. Include provision for meeting appropriate city ordinances and state building codes included in the bid documents.
- \_\_\_\_\_ 4. Closing is set up with the lender, you and City.
- \_\_\_\_\_ 5. Schedule your final inspection with the lender and the building inspector.

\* NOTE: FUNDS CANNOT BE RESERVED FOR YOU UNTIL WE HAVE A COPY OF THE LENDER COMMITMENT LETTER.



Attachment #2

## **GAYLORD EDA REVOLVING LOAN FUND PROGRAM**

### Guidelines

#### I. PURPOSE OF FUND

- A. To provide financial assistance to existing businesses and new businesses through joint private and public action.
- B. To establish a city-wide low interest longer term loan program to provide one or more of the following:
  - Capability and incentive for owners and tenants to upgrade the appearance, structural condition and/or operating efficiency of their place of businesses;
  - Assistance and incentive for the development of new industry; retention of existing business; and/or
  - Retention and expansion of job opportunities.
- C. Priority will be given first to those applicants who, without the low interest rate, would not be able to improve their property or locate new industry in Gaylord.

#### II. PARTICIPATION AND FINANCING

The Gaylord Revolving Loan Fund (RLF) program is established and will operate as a public/private sector partnership of the City of Gaylord and lenders.

The RLF will provide up to 50% of each loan up to a maximum of \$30,000 at an interest rate set by the RLF committee in January of each year. The RLF committee will strive to set this rate below current market rate.

Matching funds of at least equal to the amount provided by the RLF will be provided at current interest rates by lender.

The portion of the borrower’s equity to be injected into the project will be determined by the lender.

The City may require a job creation report, projecting expected employment levels for the business, for the first five (5) years of operation.

Administration will be shared by the City and the participating lenders.

- The City will coordinate the program with business and community development organizations.
- Lenders will execute Participation Agreements with the City to carry out their participation in accordance with these guidelines.

III. LOAN TERMS AND CONDITIONS

A. RLF/Lender Participation

The RLF share in a loan with a participating lender up to 50%

B. Maximum Loan

RLF will participate in a loan up to the maximum of \$30,000. A lender may increase its portion over \$30,000.

C. Interest Rates

The RLF loans are made below market rates as described above. These funds are subordinate to funds provided by the lender.

An example of the effect of the RLF loan is shown below:

	<u>Amount</u>	<u>Rate</u>	<u>Year</u> <u>Term</u>	<u>Monthly</u> <u>Payment</u>
RLF Loan	\$25,000	5%	10	265.15
Bank Loan	<u>25,000</u>	10%	10	<u>330.34</u>
Total	\$50,000	7.5%	10	\$595.49

D. Term

The RLF portion of the loan shall not exceed a 10 year amortization, payments to be made on a monthly basis. There is no prepayment penalty. The RLF will have a demand clause in the event of a move of business out of City limits or change of ownership.

E. Late Fee

Any payment that is 15 days late will be assessed a 2.5% late fee on the check payment.

F. Collateral Required

The lender shall have the responsibility of determining the applicant's credit risk.

The lender shall recommend the type and amount of collateral the borrower will provide and shall have senior lien on the collateral.

The lender shall file any liens it requires on collateral. The RLF may file liens behind the primary lender. Secondary liens must be acknowledged by the owner of the contract for deed.

Loan documents will be required and the loan documents will be at the borrowers' expense.

G. Loan Disbursements

The City will disburse approved loan proceeds to the Lender in a lump sum. All eligible disbursements are to be made by the Lender, following the Lender's disbursement requirements.

H. Lien Waivers

The Lender will collect lien waivers and/or other documentation as deemed necessary by the lender.

IV. ELIGIBILITY CRITERIA

A. Applicants

The applicant may be: individual owners, partnerships, LLC's, corporations, tenant operators or contract for deed purchasers.

An applicant must have the ability to repay the loan and be an acceptable credit risk as determined by a lender.

Applicant must have obtained a commitment letter from a participating lender in order to secure the City's commitment for its portion of the loan.

An applicant's property status must be as a conforming use or a legal non-conforming use under the City's Zoning Ordinance and located within the Gaylord City Limits.

Applicants must obtain City building permit prior to first disbursement from lender.

Upon completion of the improvements, the applicant's property must pass all required health, safety and building inspections, and obtain a certificate of occupancy.

B. Eligible Use of Loan Funds

1. Correction of health and safety code deficiencies
2. Exterior Improvement

The following are eligible expenditures:

- All work on the front and sides of business buildings facing public streets.
- Cleaning, painting and staining of exterior surfaces.
- Masonry repairs.
- Repairing or replacing the cornices, entrances, doors, windows, decorative details and awnings.
- Sign removal, repairing or replacement.
- Professional design services for plans and specifications.
- Parking lots, including lighting, surfacing and landscaping.
- Building identification.
- Other items that are viewed necessary to complement the exterior of the building.
- Building permits.
- Energy audits.
- Roofing.
- Energy conservation.
- Handicap access.
- Streetscape costs not financed by special assessments.

3. Interior Improvement

Almost all fixed improvements including:

- Repair or replacement of walls, ceilings and floors.
- Repair or replacement of lighting, windows, doors and entrances.
- Repair or replacement of electrical, plumbing, mechanical and air conditioning, or any other permanently installed equipment.
- Architectural change.
- Energy improvements.
- Professional fees in conjunction with the completion of a project may be paid for engineering, architectural and other related service fees necessary to plan, estimate costs, etc.

4. New Industrial Construction

Eligible expenditures include professional fees for engineering, architectural and other services needed to plan, estimate and undertake



construction, site preparation, construction of the building, and purchase and installation of fixed building assets. Fixed building assets are those which normally pass to the new owner when a building is sold.

#### 5. Production Equipment

Funds may be borrowed for the purchase of production equipment. Production equipment or machinery that will increase the productivity of the business. The purchase of equipment should also contribute to new job opportunities or business investment.

#### 6. Existing Structures

Funds may be used for the purchase of an existing structure. Funds may not be used for the demolition of existing structures, without the City's approval.

### C. Ineligible Costs

The following costs are ineligible:

- Refinancing of existing debts.
- Non-fixed improvements or non-fixed building assets.
- Working capital.
- Inventory.
- Sweat equity (payment for the applicant's own labor and performance for construction or improvements).

### D. Improvements completed Prior to Loan Closing

Such improvements are eligible if the following steps have been taken:

- Applicant must have already filled out a loan application with the City prior to the work proceeding.
- Applicant must have a commitment letter from their lender and the City confirming their financing and approval of the project.
- Applicant must agree to include all health and safety items per city ordinances and state building codes in work to be done.
- Final bids will be required to assess the total City portion of the loan. Closing will not be set up until final bids have been received.

If the above conditions have been met, the applicant may proceed using his own funds or interim financing from the lender. However, this is done at the applicant's and or lender's own risk until the total scope of work has been approved by the City and the loan has been closed.

V. ORIGINATION FEE

The applicant is required to pay an Origination Fee at the time of closing in the amount of \$150.00. It shall be the responsibility of the lender to collect this fee at closing and to remit it to the City.

VI. EDA & RLF COMMITTEE

The EDA, of and for, the City of Gaylord, is the final decision making authority on the approval or disapproval of loan applications. The RLF Committee will review the loan applications and make their recommendation on the status of the loan to the EDA. The EDA and the RLF Committee reserve the right to treat each loan application a case-by-case basis.

If you are interested in applying for the Revolving Loan Fund Program, call the City Administrator's Office.



Attachment #3

## **GAYLORD EDA REVOLVING LOAN FUND PROGRAM**

### **Application Form**

Instructions: Applicants loan should complete all sections of the form.

I. Personal Information:

Applicant's Name \_\_\_\_\_  
Home Address \_\_\_\_\_  
Home Phone Number \_\_\_\_\_  
Social Security Number \_\_\_\_\_

II. Business Information:

Name of Business \_\_\_\_\_  
Business Address \_\_\_\_\_  
Business Phone Number \_\_\_\_\_  
Federal I.D. \_\_\_\_\_

Brief Description on Type of Business

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Age of Business \_\_\_\_\_  
Previous Location of Business \_\_\_\_\_  
Number of Years at Previous Location \_\_\_\_\_  
What Percentage of Building Does Business Occupy \_\_\_\_\_ Sq. Ft. \_\_\_\_\_ %  
What Occupies Balance of Building \_\_\_\_\_

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III. Purpose of Loan Request

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IV. Property Information:

Property Owner \_\_\_\_\_  
Lease: Yes or No \_\_\_\_\_ Term: \_\_\_\_\_  
Address of Owner \_\_\_\_\_  
Phone Number \_\_\_\_\_  
Consent of Owner: Yes or No \_\_\_\_\_

V. Description of Improvements/Construction:

	Project Description	Cost	RLF Requested Amount
Exterior Improvements			
Interior Improvements			
Production Equipment			
New Construction			
Site Improvements			
	TOTAL:		
	Other Funding Sources:		

VI. Bank Information:

Name of Bank \_\_\_\_\_  
Bank of Address \_\_\_\_\_  
Loan Officer \_\_\_\_\_  
Phone Number \_\_\_\_\_

I, the undersigned, have *read* and *understood* the documents entitled “Gaylord Revolving Loan Fund”, and accept the terms and conditions therein. I authorize the Gaylord EDA to check my credit and employment history and/or other information deemed necessary to evaluate and process this application.

Applications will be reviewed in the order they are received.

\_\_\_\_\_  
Signature of Applicant

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Owner

\_\_\_\_\_  
Date

EDA Review and Recommendation

Approve:  
Deny:  
Date: