

## **BENNINGTON MICROLOAN PROGRAM (BMP)**

### PURPOSE

Bennington is a rural community providing the commercial and industrial center for the county and the surrounding region. The Town recognizes a need to offer incentives to new or existing area businesses to expand the job opportunities available to persons of low and moderate income (LMI). This assistance can be achieved by offering attractive and affordable financing, through a revolving loan program.

The Town recognizes the need for businesses throughout the Town to access at-risk capital for start-up and expansion businesses. The Town therefore, will provide this revolving loan program to businesses, which meet its criteria, as provided in this document.

Except for access to these funds, businesses which are assets to the Town may not be realized or be lost and potential new jobs not created, or existing jobs be lost.

### OBJECTIVES

1. To increase the job opportunities available to persons of low or moderate income in our Community.
2. To enhance the commercial vitality of the Community.
3. To improve the environment in the Community.

Projects that can and will go forward successfully with private financing will not be funded by the Bennington Microloan Fund. Loan funds are extremely limited and we will be looking to assist projects that will have the maximum impact per dollar of public funds invested. Conversely, we are here to assume risks and provide assistance on terms that a private lender might not consider.

### ELIGIBILITY CRITERIA

- A. Any for-profit corporation, partnership, or proprietorship located in the Town of Bennington.
- B. Small businesses meeting SBA requirements (i.e., sales less than \$6 million) and its average profit after taxes during the last two years of less than \$2 million.
- C. Applicants must demonstrate that access to alternative sources of financing is unobtainable and without the assistance of our lower interest loan the project would not be financially feasible.

D. An applicant is not eligible if they:

- have a record of police problems,
- operate without necessary Town or State permits,
- is delinquent in tax payments or Town service charges,
- or otherwise places unusually high demands on Town services.

### LOAN TERMS

Maximum     \$25,000 (the standard microloan limit is \$10,000)  
Minimum     1,000

Term:	\$ 1,000 - \$ 5,000	2 years
	5,001 - 10,000	8 years amortization with 4 year balloon
	10,001 - 15,000	10 years amortization with 5 year balloon
	15,001 - 25,000	15 years amortization with 5 year balloon

Interest:     Fixed rate of 50% of prime interest rate at time of closing plus 2 points, or no more than 7%.

### COLLATERAL

Collateral can be a security position, usually subordinate to a first mortgage lender, and/or liens on machinery, equipment, inventory, and other business assets. Also, each loan must have personal guarantees of the principal owners.

### FEES

A non-refundable fee of \$10 per \$1,000 of loan request will be paid to the Town upon loan approval.

### USE OF LOAN PROCEEDS

Every loan must, in effect, create and/or retain permanent jobs which are available, or potentially available, to persons of low or moderate income.

A.     Exterior real property improvements

- improvements with high public exposure
- historic/architectural restoration
- handicapped accessibility

- C. Interior permanent improvements
  - repair/upgrading of all code violations is mandatory
  - energy conservation/renewable energy improvements
  - handicapped accessibility
- D. Purchase of machinery, equipment, inventory, furnishings and/or fixtures.
- E. Real property acquisition.
- F. Working Capital

Note: Loans will not be made for refinancing purposes.

#### FEDERAL REQUIREMENTS

Applicants must guarantee that they will not discriminate on the basis of race, creed, color, national origin, sex, age, or disability, in hiring or otherwise conducting business.

Applicants must also agree to abide by the following federal and state laws where applicable:

1. Equal Employment Opportunity Act;
2. Title VI of the Civil Rights Act of 1964, as amended;
3. Davis-Bacon Act;
4. Contract Work Hours and Safety Standards Act;
5. Title I of the Housing and Community Development Act of 1974, as amended;
6. Copeland Anti-Kickback Act;
7. Vermont Community Development Act;
8. National Environmental Policy Act (NEPA); and
9. Additional citations, as applicable.

Under some circumstances, construction projects funded with the program and involving the services of other than one-person contracting firms are subject to Federally mandated construction wage rates. Town may negotiate with the applicant on the specific uses of loan funds to minimize the impact of these wages on funded projects.

## OTHER REQUIREMENTS

Forms: The applicant and Town will execute legally binding loan agreements to assure that the purposes of the program are followed and that the loan is adequately secured. These documents may be recorded with the Bennington Town Clerk or the Vermont Secretary of State. All loan funds will be placed in escrow for disbursement to Borrower/Contractor or Supplier.

Survey: The applicant agrees to conduct an income survey of existing employees and /or prospective employees to determine LMI status or provide other verification.

## LOAN TERMINATION

Loans under this program may be terminated and all outstanding balances become due if:

- the business relocates out of the Town of Bennington or out of the premises for which the loan assistance was given;
- the business fails to complete the improvements within the time specified in the loan agreements;
- the business is in violation of State and Local building codes or ordinances;
- the business fails to obtain the necessary permits for the project funded with Town loan proceeds;
- the business is delinquent on more than two monthly loan payments (unless arrangements for deferral have been agreed to in writing by the Town); or
- the business fails to pay Town real or personal property taxes.

For additional information, call or write: Michael A. Harrington, Department of Economic & Community Development, Town Office Building, 205 South Street, Bennington, Vermont 05201 (802) 442-1037.

# BENNINGTON MICROLOAN PROGRAM (BMP)

Employer ID# or SS# \_\_\_\_\_

1. Applicant

Legal Name of Business: \_\_\_\_\_

Business Address: \_\_\_\_\_

(Both street and P.O. Box, if applicable)

Principals:

<u>Name</u>	<u>S.S. #</u>	<u>Home Address</u>	<u>Daytime Phone#/Fax#</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

2. Please give a brief description of your business:

3. Proposed Use of Assistance: (e.g. equipment purchase, code compliance, etc.). If assistance is requested to fund one item of a total project, briefly explain the overall project; if more space is needed, use additional sheets.

4. Specific Details:

(check one)  
these figures are:

_____ preliminary estimated	labor	\$ _____
_____ informal quotes from	materials	_____
	equipment	_____
	fixtures	_____

contractors or suppliers  
\_\_\_\_\_ firm bids form  
contractors or suppliers

land/bldg \_\_\_\_\_  
acquisition

signs \_\_\_\_\_

fees for \_\_\_\_\_  
professionals

permits \_\_\_\_\_

other \_\_\_\_\_

TOTAL \$ \_\_\_\_\_

5. Proposed Source of Funding:

Conventional Debt \_\_\_\_\_

Lender \_\_\_\_\_

Terms \_\_\_\_\_

Already approved? YES \_\_\_\_\_ NO \_\_\_\_\_

Cash Equity \_\_\_\_\_

Other Sources \_\_\_\_\_

6. Amount of Loan Requested: \_\_\_\_\_

7. Proposed Collateral: (Include estimate of cost or market value, whichever is lower):

8. As a result of this assistance and your private investment how many permanent jobs will you create?

TOTAL    BENNINGTON RESIDENTS    LOW & MODERATE INCOME

Retain:

Create:

9. Will you need Town and State permits before beginning any construction for your business?

YES \_\_\_\_\_ NO \_\_\_\_\_

10. Tell us briefly, in your own words, how your project will contribute to community improvement in Bennington.
11. Time Flow Chart: (i.e., date of signing lease, date of loan closing, start renovations, move in, grand opening):
12. Required Financial Information

Existing Businesses:

Attach balance sheets, income statements, statement of changes in financial position, business tax returns, and any other financial statements available for the past three 3 years (or years of operation).

New Businesses:

Attach: 1) Projected income and expense statement for first year of business on a monthly basis.

2) Projected income and expenses for second and third years on a yearly basis.

Principals of the Business:

Complete personal financial statement for each partner in the business (attached).

After reviewing the application, the Town may request additional information.

CONFIDENTIALITY

Please be aware that your application together with your business plan is considered public information and as such may be discussed in open session at Select Board meetings as well as being available to the media. Any information from tax returns, personal financial statements or any business information which could put you at a competitive disadvantage is **not** considered public information and would be kept confidential.

All documentation provided is kept in confidence by the Community Development Office unless requested by the media or the Select Board as outlined above. The Select Board can review all information provided by you but must deal with protected information in executive session.

\_\_\_\_\_  
SIGNATURE OF APPLICANT

\_\_\_\_\_  
DATE

\_\_\_\_\_  
SIGNATURE OF APPLICANT