

BENNINGTON REVOLVING LOAN PROGRAM (BRLP)

PURPOSE

Bennington is a rural community providing the commercial and industrial center for the county and the surrounding region. During recent years; however, its downtown area has suffered deterioration both in its activity and in its building integrity. The Town recognizes a need to offer incentives to the downtown merchants to revitalize and expand the activities in the Central Business District through a loan program. This assistance can be achieved by offering attractive and affordable financing.

Highlighting this program is the potential for facade improvements. The 19th and early 20th century architecture which predominates the Central Business District has, in some instances, been radically altered, covered over, or simply allowed to decay. Incentives to improve and renew this visual aspect are required to help revitalize the "face" of Bennington's downtown.

The potential to improve the interior spaces of many Central Business District businesses would continue the renovative activity envisioned in this program. Incentives to improve pedestrian and shopper movements, employee activities and sales areas will coincide with the exterior revitalization effort to provide an effective, living downtown environment.

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

By creating a feeling of rebirth and life in the downstreet area, Bennington will reap the benefits of a vital downtown; an exciting area to shop and react with others, a living streetscape of occupied structures and a strong commercial base to anchor the existing historical, commercial and industrial activities of the community.

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 may be lost.

OBJECTIVES

1. To enhance the commercial vitality of the Community.
2. To renew and enhance the architectural integrity throughout the Town.
3. To enhance employment opportunities.
4. To improve the environment in the Community.

Projects that can and will go forward successfully with private financing will not be funded by the Revolving Loan 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., less than \$6 million) and its average profit after taxes during the last two years is less than \$2 million.
- C. Applications must demonstrate that access to alternative sources of financing that is limited or without the assistance of our lower interest loan the project would not be financially feasible.
- D. A business is not eligible if it:
 - has a record of police problems.
 - operates without necessary Town or State permits.
 - is delinquent in tax payments or Town service charges.
 - otherwise places unusually high demands on Town services.

LOAN TERMS

Maximum \$25,000
Minimum 2,000

Term: \$ 2,000 - \$ 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 rte of 50% of prime interest rate at time of closing plus 2 points or no more than 7%.

COLLATERAL

Typically, a security position, usually subordinate to a first mortgage lender and/or liens on machinery, equipment and other business assets. Also, each loan must have personal guarantees by the principals.

FEES

A non-refundable fee of \$10 per \$1,000 of loan request will be paid to the Town upon formal submission of a request for financial assistance.

USE OF LOAN PROCEEDS

- A. Every loan must, in effect, create and/or retain permanent jobs.
(non-construction)
- B. 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, furnishings and fixtures

- E. Loans will not be made for refinancing purposes, nor for real estate acquisition or operating capital.

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.

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 application 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 what the loan is adequately secured. These documents will be recorded with the Bennington Town Clerk. All loan funds will be placed in escrow for disbursement to Borrower/Contractor of Supplier.

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 persistent 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 defaults on two or more monthly loan payments (unless arrangements for deferral have been agreed to in writing by the Town);
- the business fails to pay Town real or personal property taxes.

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

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Employer ID # _____

Date Business Established: _____

1. Applicant

Legal Name of Business:

Business Address:
(both street and P.O. Box, if applicable)

Principals:

Social Security Numbers:

Home Addresses:
(if different from office or business address)

Telephone where applicant can be reached during the day:

2. Type of business requesting assistance (e.g. bookstore specializing in education books, fresh past production and sales, etc.): give a brief description of your business and what, if anything, makes it different from others or its type:

3. Proposed Use of Assistance: (e.g. storefront rehab, interior renovation, new sign).
If assistance is requested to fund one item of a total project, briefly explain the overall project; if more space is needed, use other side.

4. Specific Detail:	labor	\$ _____
(Check one)		
these figures are:	materials	_____
_____ preliminary estimated	equipment	_____
_____ informal quotes from	fixtures	_____
contractors or suppliers		
_____ firm bids from	land/bldg	
contractors/suppliers	acquisition	