

**Town of Brandon, Vermont
Revolvoing Loan Fund
Application Attachment A**

Name of Applicant: _____ Date: _____

Address of Applicant: _____

Business Address: _____

Telephone Number: _____ E-Mail Address: _____

To make application for the Brandon Revolving Loan Fund please respond to the following questions and forward a completed document and supporting information to the Loan Coordinator at the Brandon Town Office.

1. Will you be the owner(s) of the business or the principal developer who plans to create or upgrade space for a small business in the Town of Brandon? _____
2. Will the business development site be located in the Town of Brandon? _____
3. Will your business fall within the definitional thresholds set by the U.S. Small Business Administration? _____
4. Provide documentation by applicable legal and tax return information to substantiate ownership of the business.
5. For a start-up business, the owner must demonstrate past or present enrollment in a legitimate business series, provide evidence of business counseling through small business development centers or have documented proof of five (5) years experience in a successful or similar business.
6. Provide evidence that personal and real estate taxes on any property owned by a principal or corporate interest and any and all municipal charges involved in the application project are current.

Application Continued

7. Are at least 51% of the jobs created or retained to be provided to low-moderate income individuals who meet HUD/Vermont Community Development Program (VCDP) median income guidelines. Submit income certification forms from new and/or retained employees as evidence of compliance with this requirement;
8. A Business Plan, to include current Balance Sheet and Income Statement (for new construction or major rehabilitation, a total development cost breakdown) and a Cash Flow Pro Forma Prospectus of a minimum of three years, and a detailed description of the proposed activity, For development projects, this description shall be for all phases of the project and shall include a preliminary site plan, scope of work, space to be made available and proposed rent structure, and any other supporting information deemed necessary and appropriate to completely evaluate the proposed project;
9. Total Project Budget, which shall enumerate and detail all sources of funding, respective amounts and specific uses shall be submitted;
- ~~10. The applicant shall provide documentation that the amount of loan requested is matched by~~ 25% of other funding sources also specifically committed to the proposed activity, to include participation by a state-licensed financial institution such as a bank, credit union or regional development corporation. Other Sources previously committed or spent for eligible activities within the previous 90 days may be used as the required match at the discretion of the Loan Review Committee.
11. The applicant shall sufficiently demonstrate that without RLFP assistance, a financing gap exists for the proposed activity. This gap must be so documented and as such represents an insurmountable obstacle that without RLFP assistance would render the project financially prohibitive;
12. Any proposed activity shall be and remain in compliance with all applicable local and state regulations and codes;

Signature of Applicant

BRANDON REVOLVING LOAN FUND

Grant Evaluation Criteria

Criteria	Score**
<p>1. Promotes commercial development that is consistent with the size and character of the community.</p> <ul style="list-style-type: none"> a. provides incentives for new business development; b. assists existing small business / including agriculture; c. assists in the promotion of local business; d. creates / protects local employment opportunities; e. attracts public / private investment f. encourages the use of indigenous, renewable raw materials. 	
<p>2. Encourages projects that will preserve and enhance the quality of life in Brandon while maintaining the rural character of the town.</p> <ul style="list-style-type: none"> a. preserves and reuses historic and important buildings; b. enhances recreational opportunities; c. protects / enhances the environment; d. provides local amenities and communities; e. provides residential infrastructure improvements for low-income residents; f. provides land conservation, including farmland. 	
<p>3. Improve community infrastructure, facilities and services.</p> <ul style="list-style-type: none"> a. supports local civic and community service organizations and groups—concentrating on those that address the needs of children, adolescents, the handicapped or the elderly; b. supports public works projects in the town and villages. 	
<p>4. Emergency Health Hazards</p> <ul style="list-style-type: none"> a. mitigates pollution; b. provides flood or fire recovery assistance; c. provides emergency water / wastewater assistance; d. provides emergency health assistance. 	

- **Scoring:
- 0 - Does not meet criteria.
 - 1 - Meets minimum level of criteria.
 - 2 - Meets adequate level of criteria.
 - 3 - Meets high level of criteria.

**Town of Brandon, Vermont
Revolving Loan Fund
Policies and Procedures**

A. POLICIES

- I. Purpose:** The Brandon Revolving Loan Fund ("BRLF") is established as a funding resource to foster economic development in the Town of Brandon, the construction or expansion of public facilities, the enhancement of public services and by providing financial assistance for small businesses through low interest loans.

Eligible Activities: Those activities for which the BRLF is designed to provide a funding resource include those economic development projects that will (1) result in direct benefit to persons of low and moderate income, (2) eliminate slums or blight, or (3) address urgent needs in the Brandon area.

Small Business Assistance: The BRLF is intended to be used when conventional sources of funding for start-up or expansion of existing businesses are largely inaccessible to an undercapitalized or new business owner. In these instances the BRLF may provide a source of funds through low-interest loans for economic development of projects that require a leveraged subsidy. Small Business Assistance under the BRLF may be available for the following purposes:

- a) To help a prospective or existing business owner(s) start a new successful business in Brandon or expand an existing business which have a demonstrable gap in a loan-financing package with commercial lenders;
 - b) To assist an economic development project that will provide new or renovated space in Brandon to be made available at or below market value for the start-up, expansion or relocation of the type of businesses described in (a) above, and which also demonstrate a financing gap;
 - c) To create permanent full-time jobs in Brandon;
 - d) To provide low and moderate income jobs to individuals; or
 - e) To diversify and strengthen Brandon's economic base through financial assistance..
- II. Governing Policy:** BRLF funds shall be made available to applicants who, based on the loan committee's review and recommendation, meet program eligibility and lending requirements and criteria on a first come, first served basis. Upon recommendation by the loan committee, the Brandon SelectBoard will determine whether an applicant meets eligibility requirements and whether to approve any loan requests by an applicant. The SelectBoard's determination shall be final. Loan commitments and disbursements shall be contingent upon the availability of sufficient funds in the BRLF as determined by the SelectBoard.

III. BRLF Eligibility Requirements: In order for a new or existing business or development project to be eligible for BRLF assistance, an applicant must meet the following eligibility requirements:

- a) The loan applicant shall be either the owner(s) of a business located within the Town of Brandon or the owner of property located in the Town of Brandon who has plans to create or upgrade commercial space for small businesses in the Town of Brandon;
- b) The business or development must have a committed business location within the Town of Brandon;
- c) As a basic guideline, eligible businesses are those that fall within the definitional thresholds for a small business set by the U.S. Small Business Administration;
- d) Ownership of the business must be documented by applicable legal and tax documentation;
- e) For a start-up business, the owner must demonstrate past or present enrollment in a legitimate educational business program, provide evidence of business counseling through small business development centers or have documented proof of 5 years experience in a similar business;
- f) The applicant must provide evidence that personal and real estate taxes and all other Municipal charges on any property owned by the applicant and/or the principal owner(s) of the applicant are current;
- g) If the project is facilitated with funds derived, in whole or in part, from the Community Development Block Grant Program, at least 51% of the jobs created or retained must be provided to low-moderate income individuals who meet HUD/Vermont Community Development Program (VCDP) median income guidelines. The applicant must submit income certification forms from employees as evidence of compliance with this requirement at the time of application and periodically thereafter as required by VCDP or the conditions of the loan approval;

IV. Eligible Activities/Expenses: Activities eligible for assistance through the BRLF are listed below:

- a) Equipment costs directly related to the functioning of a business;
- b) Activities directly associated with remodeling the physical interior of a place of business;

- c) Activities directly related to the refurbishing or construction of a business' storefront facade and signage. For those businesses that are located in buildings or structures which are listed on any registry of historic buildings, refurbishment and signage must meet all applicable standards and guidelines including those established by the United States Secretary of the Interior and shall further be in conformance with applicable local, state and federal land use regulations. The project shall also be in keeping with the architectural character of the structure and neighborhood;
- d) Activities directly related to the improvement of infrastructure/utilities that will bring the place of business up to local and state code compliance or industry standards. In exceptional cases, this might include the complete or partial demolition of a structure to meet the intent of this section;
- e) Acquisition of property for the purpose of business development;

V. Ineligible Activities/Expenses: RLFP funds shall not be used for:

- a) Payment of back taxes;
- b) Payment of debt service;
- c) Reimbursement of Small Business Assistance Program (SBAP) eligible expenses already incurred;
- d) Goodwill, covenants not to compete, and other intangible assets having no tangible value as collateral;
- e) Any other expenses not specifically authorized or eligible in section IV above.

VI. Lending Criteria: In addition to complying with the eligibility requirements set forth above, financial assistance shall be offered based upon the following lending criteria:

- a) The number and quality of permanent jobs anticipated to be created and/or retained;
- b) A review of the project plan, which shall be submitted with the application, which shall provide a detailed description of the proposed activity for which the loan funds are being sought. For development projects, this description shall detail all phases of the project and shall include a preliminary site plan, scope of work, space(s) to be made available and proposed rent structure, and any other supporting information deemed necessary and appropriate to completely evaluate the proposed project;
- c) A review of the project budget, which shall be part of the application, which shall enumerate all expected or anticipated costs of the project income. It shall also detail all sources of funding, and the specific uses of all available funding;

- d) A review of the business plan, which shall be part of the application which shall include current balance sheet and income statement (for new construction or major rehabilitation, a total development cost breakdown) and a cash flow pro forma prospectus of a minimum of three years;
- e) The applicant shall provide documentation that the loan amount requested is matched by other funding sources which are specifically committed to the proposed activity and which comprise at least 25% of the project resources. These sources may include participation by a licensed financial institution such as a bank, credit union or regional development corporation. Other sources previously committed or spent for eligible activities within the previous 90 days may be used as the required match at the discretion of the Loan Review Committee.
- f) The applicant shall sufficiently demonstrate that without BRLF assistance, a financing gap exists for the proposed activity. This financing gap must be demonstrated by documentation that without BRLF assistance the project is financially unfeasible;
- g) Any proposed activity or project shall be and remain in compliance with all applicable local and state regulations and codes;
- h) If the project is funded with Program Income, and the construction or rehabilitation costs exceed \$2,000, the property owner must ensure that "Davis-Bacon" wage rates are paid in accordance with VCDP guidelines;
- i) If the project is funded with Program Income, and the project involves major ground-disturbing activities, the property owner must conduct an environmental review in accordance with VCDP guidelines.

VII. Loan Amount and Terms: The following may be considered in determining loan amounts and terms and conditions:

- a) A loan amount from \$5,000 up to \$80,000 may be applied for;
- b) The terms of a loan will be established by the SelectBoard at the time of approval. In general, all loans will be due in full no later than five (5) years from the date of closing;
- c) Loan interest rates shall be set at two points below the Prime lending rate, as reported in the Wall Street Journal at the time of the closing of the loan;
- d) A loan agreement, promissory note, mortgage deed, Security Agreement and UCC financing statement and such other security instruments as may be required shall be executed and duly filed, as applicable, on the day of closing;
- e) Any individual owning 20 percent or more of any entity seeking BRLF loan proceeds shall

co-sign the promissory note or, at the discretion of the Selectboard, shall sign a personal guarantee;

- f) Life/disability insurance covering the amount of the note with the Town of Brandon listed as beneficiary.
- g) Such other terms as the SelectBoard may deem appropriate.

VIII. Loan Review Committee: The Committee shall have a minimum of five regular members and two (2) alternates appointed by the Brandon SelectBoard. Members shall serve initial terms as follows. Two (2) members shall serve three (3) year terms, two (2) members shall serve (2) year terms; and one (1) member shall serve a one (1) year term. Alternates are appointed and serve for three (3) year terms. Thereafter, all appointed members of the Loan Review Committee shall serve for terms of three (3) years.

All applicants will be considered, but priority will go to individuals with demonstrated experience in the career fields of banking, specifically in the area of commercial loans, real estate management and development, and business entrepreneurship and consulting. One member of the Committee shall, at all times, be designated as the Loan Coordinator who shall facilitate and oversee loan applications and servicing. The Loan Review Committee shall review loan applications and make decisions regarding their eligibility and funding. The Loan Review Committee will then make recommendations to the SelectBoard for their final action.

B. PROCEDURES

I. Application and Application Review Procedures:

A complete application package containing all materials listed in Attachment A, shall be submitted to the BRLF Loan Coordinator, accompanied by an application processing fee of \$110.00. The package will be reviewed for eligibility and completeness. The applicant will be notified of the status of the application as soon as possible from the receipt of the application. If the application is incomplete for any reason, the applicant shall have two weeks from notice to address any deficiency (ies). Failure to meet this deadline shall result in a forfeiture of application position and require a resubmission. The Loan Review Committee may grant extensions of the two-week deadline, due to extenuating circumstances. Upon satisfactory review of an application, the Loan Coordinator shall submit the application package, accompanied by an application summary, to the Loan Review Committee.

II. Loan Review Committee Review of Applications:

- a) The Loan Review Committee shall meet as needed to review and act on loan applications. A quorum shall consist of a majority of the duly appointed members. It is required that the applicant or his/her agent attends the meeting;
- b) If the Loan Review Committee deems that additional information is required before acting on an application, this information shall be requested from the applicant and submitted to the Loan Review Committee;
- c) During its review, the Loan Review Committee may recommend adjustments to the loan amount being requested by the applicant and it shall establish terms of any proposed loan in its recommendation to the SelectBoard. The applicant will be notified by the Loan Coordinator of any recommended adjustments;
- d) Upon completion of its review, the Loan Review Committee shall vote whether or not to approve the loan request or to table the loan pending further information. If the loan request is approved, the Committee shall submit a recommendation to the SelectBoard for its action. If not approved, no recommendation will be forwarded to the SelectBoard.
- e) In accordance with I.V.S.A. § 313 review of loan applications by the SelectBoard will be conducted in executive session. After thorough review the SelectBoard shall approve, approve with conditions, or disapprove all applications brought before it.
- f) The applicant shall be notified in writing of the Loan Review Committee's decision.

III. Selectboard Action:

- a) A loan application shall be scheduled for and considered at the next SelectBoard meeting following receipt of the Loan Review Committee's recommendation subject to the discretion of the SelectBoard Chair. It is required that the applicant or his/her agent attend the meeting;
- b) The applicant shall be notified in writing by the Loan Coordinator of the SelectBoard's decision.

IV. Closing of the Loan and Disbursement of funds:

- a) If the loan application is approved by the SelectBoard, a date for closing shall be set by the Loan Coordinator and the applicant. No closing shall take place until all conditions contingent to closing have been complied with;
- b) Loan documents to be executed and duly filed at closing shall include a loan agreement, promissory note, mortgage deed, UCC financing statements, other security instruments, title insurance and proof of life insurance, and any other documents required by the

SelectBoard;

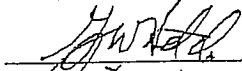
- c) Loan fund disbursement shall be made consistent with the loan approval and the approved Loan Agreement but may include a controlled account;
- d) False or misleading information shall be considered a default of the loan agreement, and may cause the Town to seek remedies as stated in the loan agreement.

V. **Right of Appeal:** An applicant whose request for BRLF funds has not been approved by the Loan Review Committee may appeal for reconsideration in writing to the Loan Review Committee no later than one week after notification.

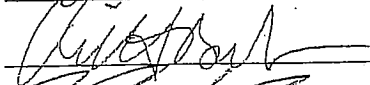
VI. **Monitoring:** The Town reserves the right to require, as a condition of the loan, that the applicant submit post disbursement documentation and to monitor the project as needed. Upon completion of the project, the applicant must submit a letter to the Loan Coordinator confirming that project goals as stated in the loan application have been met.

Adopted by the Brandon SelectBoard on the 22ND ^{November} day of 2004.

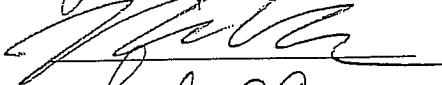
Gerald W. Hatch, Chair



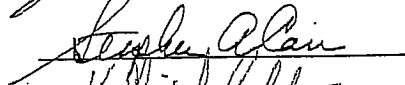
Bruce Brown, Vice Chair



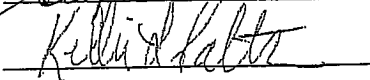
Richard Baker



Steve Carr

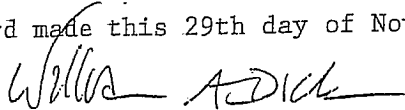


Kellie Patten



A true record made this 29th day of Nov., A.D. 2004

Attest:


Town Clerk