

TOWN OF BRISTOL REVOLVING LOAN FUND INFORMATION FOR APPLICANTS and APPLICATION FORM

Introduction: What is the Bristol Revolving Loan Fund?

The Revolving Loan Fund is a lending program that assists businesses, non-profit organizations, local agencies, and sometimes individuals with projects that benefit the Bristol community, especially its low and moderate-income residents.

The Fund was created with repayments from loans made under a 1984 Vermont Community Development Grant awarded to the Town of Bristol to rehabilitate housing units and storefronts in the downtown area of Main Street.

The two main goals of the Fund are to expand Bristol's ability to meet the employment and housing needs of its low- and moderate-income residents, and to correct urgent threats to the health and welfare of the community.

What are the purposes of the Revolving Loan Fund?

These funds can be used:

- To help businesses create or maintain jobs in Bristol, especially for low- and moderate-income people.
- To rehabilitate housing units owned or occupied by people with low- or moderate incomes, including weatherization and installation of renewable energy equipment.
- To make needed improvements to public facilities to support these job-creating or housing rehabilitation activities.
- To assist property owners with disaster recovery (fire, flooding, wind, ice, etc.).

"Low- and moderate-income" is defined as a household income that is 80% or less of the area median income for a household of that size. In Addison County, the median family income for 2022 was \$93,900. Low and moderate household incomes range from \$65,600 or below for a one-person household to \$108,600 for a six-person household.

What business activities are eligible for Revolving Loan Fund assistance?

Activities that create jobs (or retain jobs that are otherwise at risk), especially jobs available to low- and moderate-income people. Eligible business activities include these:

- Purchase of land in the Town of Bristol
- Purchase, construction, or renovation of buildings for business use
- Leasehold improvements by a tenant business and installation of machinery and equipment
- Job training and upgrading of employee skills
- Refinancing or financing of existing company assets are not eligible activities.

What are the amounts and terms of loan funds available?

Amounts: The only limit on the amount of loan funds that can be requested is the balance in the loan fund at the time of application. However, the Revolving Loan Fund Committee (RLFC) may limit the size of loans or offer less than what was requested based on its judgment of community needs and the potential community benefit of any given project. Before you apply, check with the Town Treasurer or Town Administrator to find out how much is available in the Fund.

Loan term: Generally, the loan term will match the expected useful life of the financed assets, with a maximum of ten years for any loan. At its discretion, the RLFC may require a balloon payment of the principal due on the loan before it has been fully amortized.

Interest rates will be set on a competitive basis based on a project of the type being financed, depending on the project's needs.

Security for loans made under this program may include the assets being financed, mortgages on real estate, personal guarantees, co-signer guarantees, or other assets.

Repayment is generally at the beginning of each month to a designated financial institution that manages Revolving Loan Fund repayments on behalf of the Town of Bristol.

Closing costs for any loan under this program are the applicant's responsibility, including prepaid interest, title search, appraisal, credit report, recording, and other miscellaneous costs. The applicant may include these costs in the requested loan amount.

How do I apply for Revolving Loan Fund assistance?

Complete the attached Application for Revolving Loan Fund Assistance and submit it, along with your nonrefundable application fee for 1% of the requested loan amount (payable by check or money order to the Town of Bristol), to the Town Administrator's office.

The Revolving Loan Fund Committee (RLFC) will schedule a meeting to review your application and may request that you come before them to answer questions about your application.

Within five working days after its meeting, the RLFC will make a recommendation concerning the disposition, amount, and terms of the loan to the Town Selectboard, who will either approve or deny the request.

EXHIBIT I: SUMMARY PAGE

a. Name of applicant: _____

Address: _____

Telephone: _____

b. Amount of loan request: _____

c. Brief project description: _____

d. Project Costs

Real estate _____

Buildings and improvements _____

Machinery & equipment _____

Professional fees (legal,
accounting, engineering, etc.) _____

Other (contingency,
construction interest, etc.) _____

TOTAL PROJECT COST _____

e. Amount and source of matching/additional funds (include terms and interest rates of loans)

Bank _____

Public agency (specify) _____

Equity _____

Other (specify) _____

TOTAL _____

f. Collateral other than project assets: _____

g. What will be this project's specific, tangible benefit(s) to the Town of Bristol and its low/moderate income residents?: _____

h. Have you ever filed for bankruptcy? YES _____ NO _____

If so, when? _____

i. Do you have any delinquent taxes due? YES _____ NO _____

If so, what kind? _____

j. Name, title, and telephone number of the person who prepared this application:

k. Name, title, and telephone number of the person who will be the primary contact with the Revolving Loan Fund Committee for this project:

l. Name and address of applicant's legal counsel:

m. Applicant's signature: _____

Title: _____ Date: _____

EXHIBIT 2: PROJECT DOCUMENTATION

1. Describe what will be purchased or built with funds acquired through the Bristol Revolving Loan Fund. This exhibit should include at least one written estimate of the project costs and, if applicable, the following:
 - a. Legal description of land and building, including a reference to deeds for the property by book and page number in the Bristol Land Records. Include physical descriptions, diagrams, and/or blueprints, and any required rezoning or variances. Include a sales agreement or option agreement for land and/or building purchase, if applicable, or a leasehold agreement. If the applicant does not own a building that is the subject of an application for RLF assistance, provide notarized permission of the owner to undertake improvements unless the right to improve or repair is otherwise authorized by lease or leasehold agreement. A copy of the leasehold agreement is to be included with the application.
 - b. Description of machinery/equipment to be purchased (including manufacturer's name and model number, written sales quotation, etc.)
 - c. Appraisal of the existing building and used equipment to be purchased, if any, performed by a qualified appraiser.
 - d. Appraisals of other assets are offered as collateral, if any, performed by a qualified appraiser.
 - e. For improvements or renovations to real property, provide evidence that the work will comply with applicable State and local codes and all necessary permits. Provide a construction schedule, including pre-planning phases such as permit acquisition, closure on project financing, etc.

2. Describe what the outcomes and benefits of the project will be and the timetable in which these will be realized, specifically:
 - a. Number of jobs, job titles, and wage/salary levels for each new job to be created, or for each existing job that was at risk that will be preserved, because of the project.
 - b. An estimate of the number of these jobs which will be available to, or are currently held by, a) persons of low- and moderate-income and b) residents of Bristol.
 - c. Numbers of owned and/or rental housing units affordable by persons of low- and moderate-income that will be created or rehabilitated because of the project.
 - d. More general benefits to the community such as improved appearance of a downtown storefront, increased financial viability of an existing business, filling of a retail vacancy in the central business district, etc.

EXHIBIT 3: BUSINESS PLAN

Any business applying for RLF assistance must submit a business plan. There is no prescribed format for this plan, but it should address at least the following: short and long term goals of the business; information about the business environment and industry trends; general marketing, production, and management plans; information on principals and key personnel in the business.

The following is a suggested format that may be helpful in structuring or reviewing your business plan. This is not a required format or content for this exhibit; *however, you are required to provide evidence through a cash flow projection with documented sales and cost assumptions that the business will generate enough cash to make payments on its debt for the RLF loan and any other existing or planned loans.*

Business plan narrative:

- A. Nature, purpose, and type of business
- B. Organizational structure
- C. Number of employees
- D. Products or services produced
- E. Market: competitive position; how the company obtains a market share
- F. Management of business: qualifications and experience
- G. Plan to attract employees
- H. How loan proceeds will be used

Financial section:

- A. Expected capital expenditures
 - i. startup balance sheet if the company is new
 - ii. if an existing company, a proforma balance sheet showing the effects of financing and asset acquisition
- B. Detailed cash flow projections (showing the effects of financing): monthly for the first year or to breakeven point, quarterly for the next two years
- C. Detailed assumptions:
 - i. how costs and margins are determined
 - ii. the basis for sales projection
 - iii. breakeven analysis

Supporting information:

- A. Market analysis information (statistics, reports, etc.)
- B. Resumes of principals and key managers
- C. Pertinent contracts and other agreements
- D. Other relevant documents

EXHIBIT 4: MATCHING FUNDS

Provide evidence of commitment for the balance of the project from sources other than the Revolving Loan Fund. This evidence may take the form of letters of commitment for financing from lenders, investors, and/or business owner(s) detailing the amount, type, and terms of financing being committed.

EXHIBIT 5: EVIDENCE OF REPAYMENT CAPABILITIES

All applicants must complete a financial application form provided by RLFC and available from the offices of the Town Administrator.

In addition, all registered businesses/applicants must provide three years of financial information, at least one year being the most recent tax return and at least one year being a financial projection; the additional year can be either a tax return or a second year of financial projections. In the case of a startup venture, a three-year projection of profit/loss and cash flows is required, with the cash flow being monthly for the first year or to the breakeven point, whichever is later.

It is at the discretion of the Selectboard to allow the RLFC to waive specific exhibits of the written application.

Confidential information is for review only by a certified loan officer of a financial institution designated by the RLFC and reported in summary form only to the RLFC.