

## Recycled Reading of Vermont LLC Loan Renewal May 2023

The loan for Recycled Vermont has come due. The original loan was for five years with payments amortized over 10 years. Loans with these terms have been done in the past to reduce payments and give the borrower a chance to pay off the loan remainder in 5 years, or more commonly receive a new 5-year loan with no special amortization.

It is my understanding that the loan payments have been paid faithfully since inception. It is also my understanding that Recycled Reading has no other debt. The loan balance, per Ms. Hernandez the owner of the business, is \$13,798.46.

The basic information available suggests renewing the loan for 5 years is acceptable. This is the course of action Ms. Hernandez would like to take. If we use the interest rate on the 10-year Treasury, plus a minimum of an additional 1%, as our guide for a loan rate, a 5-year loan at 4.75% on \$13,798.46 would mean monthly payments of \$257.80. Assets of the business plus a personal guarantee would be part of the loan agreement. Kevin Brennan, assuming he's still the Town's attorney, would craft other prudent language.

The Town Treasury should also confirm the loan status and balance due.

Fred Baser Revolving Loan Committee member