

THE BRISTOL REVOLVING LOAN FUND

INFORMATION FOR APPLICANTS

Introduction: What is the Bristol Revolving Loan Fund?

The Revolving Loan Fund is a lending program that assists businesses, nonprofit organizations, local agencies, and in some cases individuals with projects that will 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 for rehabilitation of 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 that are either owned or occupied by people with low or moderate incomes.
- To make needed improvements to public facilities in support of these job-creating or housing rehabilitation activities.

"Low and moderate income" is defined as a household income which is 80% or less of the area median income for a household of that size. In Addison County, the overall median family income for 1991 was \$32,100. Low and moderate household incomes range from \$18,250 or below for a one-person household, to \$30,250 for a six-person household.

What business activities are eligible for Revolving Loan Fund assistance?

Activities which 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 Village or Town of Bristol
- Purchase, construction or renovation of buildings for business use
- Leasehold improvements by a tenant business
- Purchase 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 which can be requested is the balance in the loan fund at the time of application. However, the Community Development Advisory Board (CDAB) may limit the size of loans or offer an amount 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 Clerk or Town Manager to find out how much is available in the Fund at that time.

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

Interest rates will range from 4% per annum up to a standard commercial lending rate for a project of the type being financed, depending on the needs of the project.

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

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

Closing costs for any loan under this program are the responsibility of the applicant, 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 we 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 loan amount being requested (payable by check or money order to the Town of Bristol), to the Town Manager's office.

The Community Development Advisory Board 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 CDAB will make a recommendation concerning the disposition, amount and terms of the loan to the Joint Board of the Town Selectmen and Village Trustees. The Joint Board will then make a final decision on the loan request.

EXHIBIT 1: 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 the specific, tangible benefit(s) of this project to the Town of Bristol and its low/moderate income residents?

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

i. Name, title and telephone number of the person who will be the primary contact with the CDAB for this project:

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

k. Applicant's signature:

Title: _____

Date: _____

EXHIBIT 2

PROJECT DOCUMENTATION

1. Describe what is to 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 description with diagrams and/or blueprints and any required rezoning or variances. Include sales agreement or option agreement for land and/or building purchase if applicable, or leasehold agreement. If a building which is the subject of an application for RLF assistance is not owned by the applicant, provide notarized permission of the owner to undertake improvements, unless the right to improve or repair is otherwise authorized by lease or leasehold agreement.
- b. Description of machinery/equipment to be purchased (including manufacturer's name and model number, written sales quotation, etc.)
- c. Appraisal of existing building and used equipment to be purchased, if any, performed by a qualified appraiser.
- d. Appraisals of other assets offered as collateral, if any, performed by a qualified appraiser.
- e. In the case of 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 which was at risk that will be preserved, as a result 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 which will be created or rehabilitated as a result 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 AND EVIDENCE OF REPAYMENT ABILITY

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 which 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 on 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 company obtains 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
 - 1. startup balance sheet, if company is new
 - 2. if existing company, proforma balance sheet showing effects of financing and asset acquisition
- B. Detailed cash flow projections (showing effects of financing): monthly for first year or to breakeven point, quarterly for next two years
- C. Detailed assumptions:
 - 1. how costs and margins are determined
 - 2. basis for sales projection
 - 3. 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

Confidential information: for review only by a certified loan officer of a financial institution designated by the CDAB, and reported in summary form only to the CDAB:

- A. Profit/loss statements (or Schedule C from tax returns) for either last two years plus projection for next year, or profit/loss statement or Schedule C from last year and projection for next two years (if business already exists); profit/loss projection for three years if business is new
- B. Established business: last 3 years' financial statements or tax returns
- C. Personal financial statements and tax returns for principals

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.