

CITY OF OLD TOWN

REVOLVING LOAN FUND GUIDELINES

The purpose of the fund is to provide for:

Commercial and professional service businesses to locate and / or expand in Old Town, creating new job opportunities for citizens of Old Town and surrounding communities.

Existing business in the downtown area to realize their full market potential and locate in an area better suited and zoned for their use.

Decrease building vacancy rates in the downtown

Create new job opportunities

Retain existing jobs

Eligibility Criteria

An applicant for RLF monies must be located or locating in Old Town, that has established a financing need that cannot be met through other funding sources. The applicant can either be a start-up business or existing business located in the city of Old Town. Loans should be creating or retaining jobs in Old Town. The fund is intended to participate in projects where the city participation is only a portion of the overall financing plan.

Loan Purposes

All interest earned on loan pool monies shall be retained in the loan pool account and used for additional loans or administrative fees associated with this program.

Collateral Requirements

Adequate collateral will be required of all borrowers. This may include a building mortgage, liens on machinery and equipment, and / or personal guarantees

Terms

The City will lend up to 50% of the required capital, up to a maximum amount of \$50,000.

The interest rate will be prime as of the date the application is received by the city. The LLC will recommend that a rate above prime be established for a particular loan, if the City considers taking a second or subordinate position to an existing loan, or new financing, for the same business or project. Or if in the opinion of the LLC, other circumstances warrant.

Interest rates will be fixed, and they may not be refinanced through the Revolving Loan Fund, but loan balances may be paid off early.

The maximum length of the loan will be 15 years.

All loans shall be due and payable immediately if the business location is closed or moved without prior authorization of the City, or failure to make any scheduled payments when due. Loan money is available for commercial or industrial purposes. The City will require a security interest on real property to secure a loan.

The following shall result in automatic denial of an application:

- * Falsification of any information on the application
- * Internal Revenue service liens within the past five years in the name of the applicant
- * Court judgments for the purpose of collecting unpaid debt of any kind against the applicant within the last five years.

The City will require a security interest on real property to secure a loan.

The City shall charge late fees, equal to the maximum interest rate allowed by the State of Maine for delinquent property taxes, for all payments which are overdue. The City Attorney may begin proceedings to collect the entire loan, at any time as specified under the terms of this agreement.

Application Process

Completed applications will be reviewed by the Old Town development LLC's economic development committee.

The committee will make funding recommendations to the City council and City Manager, which have final approval authority.

The applicant must include with the completed application a copy of any market studies or written business plans.

Amendments

This policy may be amended by action of the City Council.

Amendments will become effective immediately unless otherwise specified.