

## *Town of Hardwick Economic Loan Fund Policy*

### **I. Purpose**

The purpose of the Revolving Loan Fund is to assist in economic development and job creation and retention in the Town of Hardwick. The Revolving Loan Fund is also used to assist in downtown façade improvements and ADA compliance in the Town of Hardwick's Designated Village Center as specified in Section VII.

### **II. Objectives**

- A. Assist in business development, job creation and job retention.
- B. Improve Designated Village Center Properties for safety, aesthetics and value.
- C. Make financing available with favorable, below market rates and flexible terms to maximize success.

### **III. Eligibility – Economic Development Loans**

- A. Any for-profit or non-profit corporation, partnership, cooperative, or proprietorship that is existing, locating or expanding in the Town of Hardwick.
- B. No corporation, partnership, cooperative, or proprietorship (profit or non-profit) shall be eligible for a revolving loan fund if there are delinquent tax or utility accounts payable to the Town of Hardwick.
- C. Construction or renovation of residential units shall not be eligible.

### **IV. Eligibility – Downtown Façade Loans**

- A. Any for-profit or non-profit corporation, partnership, cooperative, or proprietorship that is located in or relocating to the Town of Hardwick Designated Village Center. A copy of the Designated Village Center map is available in the Town Manager's office.
- B. No corporation, partnership, cooperative, or proprietorship (profit or non-profit) shall be eligible for a Downtown Façade Loan if there are delinquent tax or utility accounts payable to the Town of Hardwick.
- C. Construction or renovation of residential units shall not be eligible

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**V. Loan Application Procedure**

- A. The applicant will be required to complete the Hardwick Revolving Loan Application and pay the application fee of \$50.00 prior to loan review. The application fee is non-refundable.
- B. The Hardwick Town Manager or his/her designee will review the application, ensure that the information is complete, and run a credit check on the applicant prior to submitting it to the Select Board for its consideration.
- C. The Hardwick Select Board shall be responsible for the approval of all loans. When completing the application, the applicant must include a business plan for the Select Board's consideration.

**VI. Terms & Conditions – Economic Development Loans**

- A. Term: Up to ten (10) years.
- B. Deferment of Principal: Principal payments on a loan may, at the discretion of the Select Board, be deferred for a period of time not to exceed six months.
- C. Collateral: Loans shall be secured by fixed assets. The security may be subordinate to other lenders. Personal and/or corporate guarantors may be required.
- D. The Town shall require a title certificate on real estate and a UCC search opinion letter on personal property which is being pledged as security for a loan.
- E. The borrower must provide evidence that all State and local permits/licenses for the construction/operation of the business have been received prior to disbursement of loan funds.

**VII. Terms and Conditions – Downtown Façade Loans**

- A. \$1,000 - \$10,000 loan amounts. At no time will more than \$50,000.00 be committed to Downtown Façade Improvements.
- B. Term: Up to five (5) years.

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- C. Collateral: Loans shall be secured by fixed assets when in an amount of \$5,000.00 to \$10,000.00. The security may be subordinate to other lenders. Personal and/or corporate guarantors may be required. Loan from \$1,000.00 to \$4,999.99 can apply for unsecured status, subject to a credit check.
- D. Loan Proceeds: Loan proceeds will be disbursed to third party entities or distributed in such fashion as the Town Manager determines is in the best interest of the Fund.
- E. The borrower must provide evidence that all State and local permits/licenses for the construction/operation of the business, including from the State Historic Preservation office (if applicable), have been received prior to disbursement of loan funds.
- F. Loans under this program can only be made for the purpose of exterior improvements, including handicapped accessibility, signage, restoration or alteration of storefronts, painting, glazing, doors, windows and entryways.
- G. All aesthetic improvements shall be reviewed by the Town Manager for consistency with the appearance of historic buildings in the Designated Village Center.

### **VIII. Terms and Conditions Generally Applicable to All Loans**

- A. Fixed Interest Rate: 1% less than the Bank of Boston Prime at the time of signing the Letter of Commitment.
- B. Other sources of Capital: Loans shall be matched by a minimum of 25% of other sources of capital. Evidence of the required capital match must be provided to the Town Manager prior to the release of loan money.
- C. The borrower shall be required to maintain all risk insurance equal to the amount of the Town's loan(s) but not less than 80% coinsurance coverage with the Town of Hardwick named as loss payee and mortgagee on real property and as lender's loss payable on personal property. On real estate, borrower must obtain National Flood Insurance if mortgaged premises are located in a special flood hazard zone. Evidence of proper insurance coverage shall be forwarded annually to the Town Manager.
- D. Loan Guarantees: The indebtedness of any corporate, limited liability company or partnership shall be personally guaranteed by each of the principals of the borrower.

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- E. The Town of Hardwick may require the borrower to obtain an appraisal for real estate.
- F. The Town will prepare the letter of commitment and/or loan agreement, the actual loan documents including not limited to, promissory note, mortgage deed (s), security agreement, and UCC-1(s).
- G. The applicant will be responsible for all costs associated with their legal representation and will pay all other miscellaneous expenditures associated with the loan including recording fees. The applicant's legal representative will perform the title searches and appraisals. In addition, the applicant will reimburse the cost of preparation and review of all loan documents.

### **IX. Loan Closing**

The Town's attorney will prepare all loan documentation. The loan documentation will then be reviewed by the borrowers counsel. The Town Manager will represent the Town at closing and will be empowered to sign all necessary documents.

- B. The Town Manager will approve disbursement loan funds, which will be performed in accordance with the terms of the loan agreement.

### **X. Servicing**

- A. If requested, the borrower must provide the Town Manager with annual financial statements or documentation as to the total number of employees.
- B. The Town of Hardwick reserves the right to contract with a third party to service the loan and/or sell the loan to a third party. Union Bank presently services the Town of Hardwick's loans and payment will be made directly to the Union Bank.

Revised 4/19/12