



BENNINGTON REVOLVING LOAN PROGRAM (BRLP)



PURPOSE

Bennington's revolving loan program is designed to increase the vitality of the community through the creation and/or expansion of businesses within town limits. Developed in the '90's this program was originally designed to aid in the rehabilitation, expansion and/or purchasing of equipment for companies that were finding it difficult to acquire the necessary funding from a bank.

Recognizing that it was in a unique position to assist local businesses, Bennington created this loan program as a way to encourage business growth within the community. Using grant money along with other contributions, a low interest loan program was developed, providing flexible payback options, making it easier to do business in Bennington.

Today the Town's loan program offers assistance to more than a dozen local businesses at any one time, and has created an environment of positive business growth and community support.

A. OBJECTIVES

- To enhance the commercial vitality of the community
- To renew and enhance the architectural integrity throughout the Town
- To enhance employment opportunities
- To improve the environment in the community
- To encourage responsible growth in the community

B. ELIGIBILITY CRITERIA (Applicant must meet three or more of the criteria below)

1. Any for-profit corporation, partnership, or proprietorship located in the Town of Bennington.
2. Small businesses, meeting SBA requirements (i.e., less than \$6 million) and its average profit after taxes during the last two years is less than \$2 million.
3. Acknowledgement that access to alternative sources of financing is limited or unattainable.
4. Demonstration that but for the assistance of our lower interest loan the project would cease to exist.
5. A business is not eligible if it:
 - a. Is regularly cited by the Police Department for illegal activity
 - b. Operates without necessary Town or State permits
 - c. Is delinquent in tax payments or Town service charges
 - d. Otherwise places unusually high demands on Town services

C. LOAN TERMS

Maximum \$35,000*
Minimum \$2,000

**Consideration will be given to requests above the maximum amount on an individual basis, provided that the applicant meets the minimum requirements.*

Term:	\$2,000 - \$5,000	(2 years)
	\$5,001 - \$10,000	(5 year amortization with 4 year balloon payment)
	\$10,001 - \$15,000	(8 year amortization with a 5 year balloon payment)
	\$15,001 - \$35,000	(10-15 year amortization with a 5 year balloon payment)

Interest: Fixed rate of 50% of the prime interest rate at the time of closing plus 2 points, but not to exceed 7%.

D. COLLATERAL

Businesses/Applicants are required to identify collateral that can be put against the loan amount. In most cases the Town of Bennington is placed in a security position, usually subordinate to a first mortgage lender and/or liens on machinery, equipment and other business assets. Each loan must have personal guarantees by the principals.

Equipment and/or machinery that are used as collateral will be assessed at 75% of the current market value to account for depreciation. (Collateral should equal 133% of the loan amount)

E. FEES

A non-refundable administrative fee of \$10 per \$1,000 loaned, not to exceed \$300, will be paid to the Town upon formal submission of a request for financial assistance.

In addition, a one-time UCC Financing Statement (Collateral Statement) filing of \$35 per transaction must be paid to the Vermont Secretary of State. (\$2 charge for each additional name)

F. USE OF LOAN PROCEEDS

1. Every loan must, in effect, create and/or retain permanent jobs.
 - a. (non-construction)
2. Exterior real property improvements
 - a. improvements with high public exposure
 - b. historic/architectural restoration
 - c. handicapped accessibility
3. Interior permanent improvements
 - a. repair/upgrading of all code violations is mandatory
 - b. energy conservation/renewable energy improvements
 - c. handicapped accessibility
4. Purchase of machinery, equipment, furnishings and fixtures

Note: Loans will not be made for refinancing purposes, or for real estate acquisition or operating capital.

G. FEDERAL REQUIREMENTS

Applicants must guarantee that they will not discriminate on the basis of race, creed, color, national origin, sex, age, or disability, in hiring or otherwise conducting business.

Under some circumstances, construction projects funded with the program and involving the services of other than one-person contracting firms are subject to federally mandated construction wage rates. The Town may negotiate with the applicant on the specific uses of loan funds to minimize the impact of these wages on funded projects.

H. OTHER REQUIREMENTS

- a. The applicant and Town will execute legally binding loan agreements to assure that the purposes of the program are followed and that the loan is adequately secured. These documents will be recorded with the Bennington Town Clerk. All loan funds will be placed in escrow for disbursement to the Borrower/Contractor of Supplier.

- b. Completion of the attached business/project plan (see appendix), or one similar. For new businesses, the business plan must be reviewed and approved by the Vermont Small Business Development Center (VSBDC). In addition the inclusion of the following information is required:
 - a. Existing Businesses:
 - i. Balance sheets, income statements (business tax return accepted), statements of changes in financial position, and any other financial statements available for the past three years (or years of operation). Statement of audit (if applicable)
 - ii. Indication of whether the organization is audited or unaudited
 - b. New and Existing Business
 - i. Projected income statement for a minimum of the first year of business on a monthly basis
 - ii. Projected expenses for the first year of business on a monthly basis
 - iii. Projection of expenses for the second and third years on a yearly basis (New businesses only)
 - c. Principal(s) of the business:
 - i. Complete a personal/household financial statement for each partner in the business (additional information may be requested upon further examination of the application)

I. LOAN REJECTION

The Town of Bennington reserves the right to deny any application based on the following criteria.

- a. The applicant has not met the necessary requirements prescribed in the application process
- b. The applicant has not presented a substantial case for how a loan would benefit their business, and thus, the community
- c. The applicant, or any of the principles is not in good standing with the Town (i.e. water, sewer and/or property tax delinquency, prior or current health and safety violations, and/or police problems)
- d. The implied risk of supporting such a business is deemed too high, and is considered an unsound investment opportunity

J. LOAN TERMINATION

Loans under this program may be terminated and all outstanding balances become due if:

- The business relocates out of the Town of Bennington or out of the premises for which the loan assistance was given;
- The business fails to complete the improvements within the time specified in the loan agreements;
- The business is in persistent violation of State and Local building codes or ordinances;
- The business fails to obtain the necessary permits for the project funded with Town loan proceeds;
- The business defaults on two or more monthly loan payments (unless arrangements for deferral have been agreed to in writing by the Town);
- The business fails to pay Town property taxes and any other related Town bills.

Failure to pay back any outstanding loan amounts may result in legal ramifications, including the involvement of a collection agency to retrieve the remainder of the amount owed on the loan.

K. LOAN CLOSE OUT

Upon repayment of the full amount for the original loan, the Loan Administrator will close out the loan and issue a Notice of Repayment to the Applicant.

For additional information contact:

Office of Economic and Community Development
Town of Bennington
205 South Street
Bennington, Vermont 05201
802-442-1037
mharrington@bennington.com

For a digital copy of this document visit: www.bennington.com/brlp.pdf

APPENDIX

APPENDIX 1

Applicant Check List

Bennington Revolving Loan Program - Applicant Checklist

Documentation to submit:

- BRLP Application
 - Cover letter
 - Revenue and expense projections for next three years
 - Tax return and other information for company and/or primary guarantor
 - Timeline of work to be completed
- Comprehensive business plan
- Letter of rejection from bank
- Confirmation that all Town of Bennington financial obligation are current (i.e. water, sewer, taxes, etc.)
- Quotes, proposals or bids for work to be completed as part of the project

Documentation to sign (Provided by Town of Bennington at loan closing)

- Commitment Letter
- Loan Terms and Conditions
- Personal Guarantee
- Security Agreement

Costs:

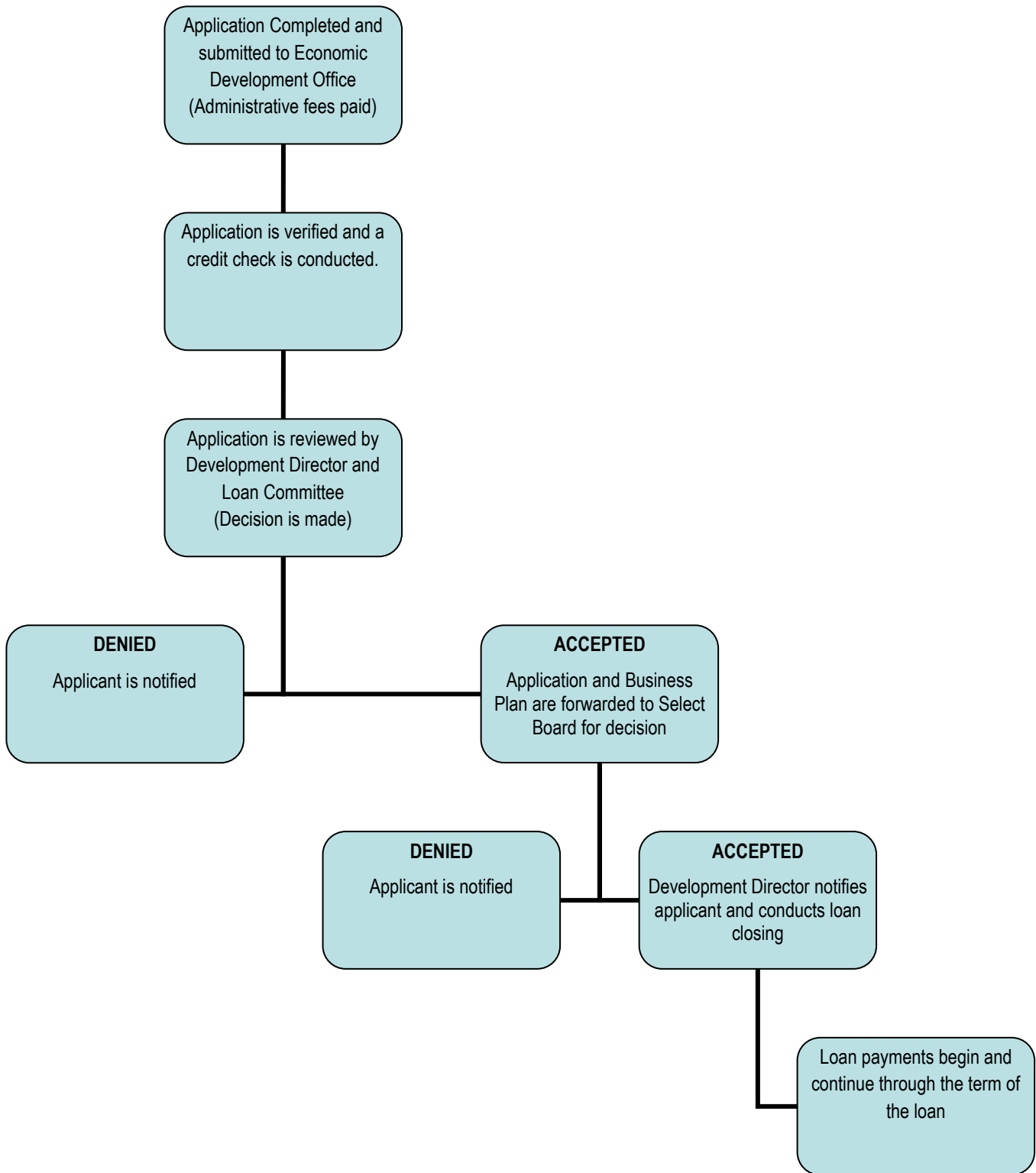
- Administrative Fee (\$10 per \$1,000 requested)
- Uniform Commercial Code filing (\$35 + \$2 per additional person)
- Mortgage Deed – if applicable (\$10 per page)
- Credit Check fee (approx. \$40)

Other Resources:

- ✓ Town Office of Permits and Planning (802-442-1037)
- ✓ Town Water Resources / Collections (802-447-9719)
- ✓ Town Clerks Office (802-442-1043)
- ✓ Better Bennington Corp – Downtown (802-442-5758)
- ✓ Bennington Chamber of Commerce (802-447-3311)
- ✓ Small Business Development Center (802-773-9147)
- ✓ Community Capital of Vermont (www.communitycapitalvt.org)

APPENDIX 2

Application Review Process



APPENDIX 3

Business Plan Template*

Elements of a Business Plan

1. Cover sheet
2. Statement of purpose
3. Table of contents
 - a. The Business
 - i. Description of business
 - ii. Marketing
 - iii. Competition
 - iv. Operating procedures
 - v. Personnel
 - vi. Business insurance
 - vii. Financial data
 - b. Financial Data
 - i. Loan applications
 - ii. Capital equipment and supply list
 - iii. Balance sheet
 - iv. Breakeven analysis
 - v. Pro-forma income projections (profit & loss statements)
 - a. Three-year summary
 - b. Detail by month, first year
 - c. Detail by quarters, second and third years
 - d. Assumptions upon which projections were based
 - vi. Pro-forma cash flow
 - a. Three-year summary
 - b. Detail by month, first year
 - c. Detail by quarters, second and third years
 - d. Assumptions upon which projections were based
 - c. Supporting Documents
 - i. Tax returns of principals for last three years
 - ii. Personal financial statement (all banks have these forms)
 - iii. In the case of a franchised business, a copy of franchise contract and all supporting documents provided by the franchisor
 - iv. Copy of proposed lease or purchase agreement for building space
 - v. Copy of licenses and other legal documents
 - vi. Copy of resumes of all principals
 - vii. Copies of letters of intent from suppliers, etc.

***Sample business plans and templates are available upon request**



BENNINGTON REVOLVING LOAN APPLICATION

BUSINESS INFORMATION

Applicant Name: _____ Business Name/Employer ID: _____

Business Street Address: _____ Town/City: _____ State: _____ Zip: _____

Mailing Address: _____ Town/City: _____ State: _____ Zip: _____

Business Phone: _____ Home Phone: _____ Mobile Phone: _____

Fax: _____ Email: _____

Type of Business (i.e. Corporation, LLC, Sole Proprietorship, Non-Profit, etc.): _____

Date Business Started: _____ Original State Located: _____ Number of Employees: _____

Primary Industry/Products/Services: _____

Co-Applicant Name: _____ Social Security Number: _____ DOB: _____

Mailing Address: _____ Town/City: _____ State: _____ Zip: _____

Home Phone: _____ Mobile Phone: _____ Email: _____

PROJECT AND LOAN INFORMATION:

Revolving Loan Terms:

- Amount: \$2,000 - \$35,000
- Term: 2 years – 25 years
- Interest Rate: New (½ of Prime + 2%), Refinance (4%-7%)
- Bank Refusal Required

Total Cost of Project: \$

Total Loan Amount Requested: \$

Total Amount Contributed by Applicant: \$

Total Jobs Created by Project:

List other sources of funding for this project: _____

BUSINESS DEPOSIT RELATIONSHIP(S) PLEASE LIST ANY AND ALL BANK ACCOUNTS THE PRINCIPALS OF THIS COMPANY CURRENTLY HAVE.

Primary Account Holder	Bank Name	Account Number	Current Checking Balance	Current Savings Balance

BUSINESS COLLATERAL RECEIPT FOR EQUIPMENT COLLATERAL WILL BE REQUIRED UPON PURCHASE.

Collateral Type	Current Value	Description of Collateral	Current Lienholder	Current Owner
Equipment				
Residential Real Estate				
Commercial Real Estate				
Other				

OTHER FINANCIAL OBLIGATION(S)

Obligation Type	Creditor	Total Obligation	Current Obligation Balance	Monthly Payment Amount	Primary Owner
Personal Loan(s)					
Business Loan(s)					
Mortgage(s)					
Loan(s) by Primary					

OWNER(S) AND/OR GUARANTOR(S) PERSONAL INFORMATION

OWNER

GUARANTOR

Full Name: _____ Title Held in Company: _____

Home Address: _____ Town/City: _____ State: _____ Zip: _____

Mailing Address: _____ Town/City: _____ State: _____ Zip: _____

Social Security Number: _____ DOB: _____ Marital Status: _____

Business Phone: _____ Home Phone: _____ Mobile Phone: _____

Fax: _____ Email: _____

Monthly Mortgage/Rent: _____ Gross Income: _____ Gross Assets: _____

Current Banking Relationship: _____ Checking Balance: _____ Savings Balance: _____

DECLARATIONS

Please provide additional information in the notation section for any 'Yes' answers.

1. Is the applicant or any of the proposed guarantors party to any lawsuit and/or outstanding judgment? Y N
2. Has the applicant or any of the proposed guarantors ever filed for personal bankruptcy or served as an officer for a company that declared bankruptcy? Y N
3. Is the applicant or any of the proposed guarantors party to taxes or credit obligations that are past due? Y N
4. Is the applicant or any of the proposed guarantors presently under indictment or probation, or parole, or been convicted of any criminal offense other than minor traffic violations? Y N
5. Is the applicant and/or owner of the borrowing entity employed by the Town of Bennington Y N

AUTHORIZATION(S)

I/We for ourselves, and as an authorized signer of the applicant, certify that everything stated in this application and on any attachments is correct. You may keep this application whether or not it is approved. By signing below, I/we authorize **The Town of Bennington** and its affiliates, to obtain and use credit reports, process this application, process any requested changes to my/our accounts, review performance of my/our accounts and to collect any credit extended to me/us. It is understood that a photocopy of this form will also serve as authorization. I/We understand that I/we must update this credit information at your request and/or if my/our financial condition changes. I/We acknowledge that the credit being applied for will be used for business purposes. In addition, I/We acknowledge that the information provided in this application will be shared with other members of the Town's staff as we as the Bennington Select Board.

Legal Business Name: _____

Authorizing Signature for Legal Entity: _____

Date: _____

Applicant Signature: _____

Date: _____

Owner/Guarantor Signature (if different than applicant): _____

Date: _____

INTERNAL USE ONLY

Loan Amount Approved by Select Board:	
Interest Rate Approved by Select Board:	
Authorizing Signature and Date:	
Authorizing Department:	

ADDITIONAL NOTES/INFORMATION

