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:
Town of Bennington
Shannon Barsotti, Community Development Director
205 South Street
Bennington, Vermont 05201
802-442-1037
sbarsotti@benningtonvt.org

For a digital copy of this document visit: www.benningtonvt.org/brlp.pdf
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
- Credit Check

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)

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

Application Completed and submitted to Economic Development Office (Administrative fees paid)

Application is verified and a credit check is conducted.

Application is reviewed by Development Director and Loan Committee (Decision is made)

**DENIED**
Applicant is notified

**ACCEPTED**
Application and Business Plan are forwarded to Select Board for decision

**DENIED**
Applicant is notified

**ACCEPTED**
Development Director notifies applicant and conducts loan closing

Loan payments begin and continue through the term of the loan
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