

THE CITY OF CONCORD

REVOLVING LOAN FUND

PROGRAM INCOME REUSE PLAN

Adopted by Concord City Council, June 8, 2009
Revised by CDAC May 2012
Revisions accepted by Concord City Council June 11, 2012

I. BACKGROUND

Concord's Revolving Loan Fund (RLF) was created in 1984 with program income generated from the Community Development Block Grant (CDBG) which funded Housing Rehabilitation Loan Programs.

The intent of the RLF is to establish a continuous and renewable source of income to further the City's community development efforts. The underlying premise is, if community development funds were loaned at below market rates then, upon repayment of the loan by the borrower, these funds could be loaned to a new borrower and additional program benefits could be realized. The latter factor was seen as being particularly critical in light of the decline in federal and state funding programs and the increased competition for community development funding under the State's administration of the CDBG Program. This Program Income Reuse Plan describes how the income generated to date will be expended.

This plan is based on a citywide assessment of community development needs and is consistent with Concord's Housing and Community Development Plan. This document was generated by the culmination of several months of work in part by Community Development staff and the Community Development Advisory Committee. The city staff and the Community Development Advisory Committee envision this plan to be updated annually. Any funds received due to prepayments or the monthly installments on outstanding loans being paid will also be allocated annually and approved by the City Council. Upon full endorsement by the Concord Community Development Advisory Committee (CDAC), this plan has been approved by the Concord City Council, following a public hearing.

PART 1 – REVOLVING LOAN FUND (RLF) STRUCTURE

Section 1: Administrator

City staff, as authorized by the City Manager, shall administer the City of Concord's Community Development Block Grant (CDBG) based Revolving Loan Fund (RLF).

Section 2: Loan Servicing

The City of Concord will service loans made from the CDBG based RLF. All recaptured funds (principal, interest, & interest on account) will be retained by the fund for future loans and administrative expenses as specified in Section 3, Administrative Expenses. Staff will use best reasonable efforts in collecting on delinquent loans and will advise the Community Development Advisory Committee (CDAC) if further action is required.

Section 3: Administration

Staff will ensure that proposals are complete. Staff, while processing all applications, will assure compliance with all program requirements as well as secure all necessary documentation. Staff will properly establish and execute all proposal documentation, security instruments, closing papers, and compliance assurances and documentation. Security will be a mortgage lien with a corresponding promissory note. Once packaged, the loan proposal will be submitted to the CDAC for approval, loan terms, and repayment requirements.

PART 2 – RLF PROGRAM DESCRIPTION

Section 1: Eligible Activities

Eligible activities are only those activities eligible under Title I of the Housing and Community Development Act of 1974 (as amended), 24 CFR Part 570 (Final Rule, November 9, 1992), the New Hampshire Community Development Finance Authority, various U.S. Department of Housing and Urban Development criteria, and CDAC Policy Memoranda that may be promulgated from time to time.

National Objectives

The RLF meets the following national objectives:

1. The proposed activities principally benefit low- and moderate-income individuals and/or families.

The eligibility requirements of the day care and social service components assure that at least 51 percent (51%) of program beneficiaries are low and moderate income.

2. The proposed activities will eliminate slums and blight.

State Priorities

The RLF meets as many of the following state priorities as possible:

1. General
 - a. Provides direct benefits to low- and moderate-income individuals and/or families in the form of improved housing and public facilities;
 - b. Provides financing for activities for which funding through other sources is not available, or makes the project infeasible;
 - c. Preserves and promotes existing neighborhoods and community centers;
 - d. Protects and preserves historically and culturally valuable structures through rehabilitation as opposed to demolition and new construction;
 - e. Eliminates slums and blight;
 - f. Presents innovative and transferable solutions to community development problems;
 - g. Successfully raises monies from other sources; and
 - h. Is part of a long-range community development strategy and conforms to Concord's Master Plan, ordinances, and Housing and Community Development Plan.

Section 2: Types of Loan Assistance

Loan assistance under this plan is available for the following five categories:

A. Housing Rehabilitation including Acquisition and Innovative Housing

Loan assistance will be available to qualifying property owners for improvements to housing units in which low- and moderate-income persons reside. Eligible repairs include renovations needed to correct code violations, to make the housing units energy efficient, and to upgrade substandard housing conditions. (Refer to Home Rehabilitation Program Guidelines).

Proposals for the acquisition of land or buildings, for the purpose of creating new units of affordable housing, may be considered by CDAC, if funding allows.

The limit of funding shall be \$18,000 per living unit, unless otherwise approved by CDAC.

B. Social Service Facilities Rehabilitation and Acquisition Program

This Program will provide loan assistance to social service agencies that serve low- and moderate-income clients. Low interest loans will be available for upgrading substandard conditions, correcting life safety, building, and energy code violations, and bring structures into compliance with accessibility requirements. On occasion, if funding allows, loans may be available to finance the purchase of facilities or equipment that are necessary for business operation. Funds will not be used for services or operating costs.

C. Child Care Development Program

This Program will provide loan assistance to child care providers for the creation of new or the expansion of existing child care facilities. Financing may be used for acquisition, site development, rehabilitation, and related architectural and engineering costs. Funds will not be used for services or operating costs. On occasion, loans may be approved for necessary equipment purchases.

D. Planning

Loan Assistance from this activity is available to assist in the financing for planning and technical studies necessary to carry out or implement the above activities. Some activities include:

- Site evaluation;
- Architectural Plans;
- Cost Estimates;
- Feasibility analysis; and
- Assist in organizing limited-equity housing cooperatives.

E. Economic Development Program

This Program will provide loan assistance to viable small and medium-sized firms whose business expansion will generate significant employment opportunities to low- and moderate-income individuals. Funds may be loaned for down-payments and/or fees associated with obtaining financing through the Small Business Administration. The City will work in conjunction with Capital Regional Development Council on the loan approval.

F. Grant Program

On occasion, the Revolving Loan Fund Program has funds available to grant to projects benefiting low/moderate income people. Grant funds become available when previously awarded grants are “recaptured” through the sale of an asset previously utilizing grant funds, provided a profit is made in the sale. The CDAC may, at its discretion, offer these funds to projects for which it determines there are no other viable funding sources. Applicants should apply for grants using the same application forms and documentation customarily required by CDAC for loans. In the case of an emergency situation whereby grant funds are required on an urgent basis to address an imminent threat to health or safety, and for such cases as staff reasonably believes an individual be unable to secure funding to address such issue, the City Manager or his designee may award emergency grant funds in an amount not greater than \$5,000 to address said health or safety issues. Staff shall keep the CDAC informed of such grants through regular reporting at CDAC meetings. All emergency grants shall be secured by a lien on the benefited property for a period of at least five (5) years.

PART 3 – MISCELLANEOUS PROVISIONS

Section 1: Conflict of Interest

As a general rule, those in direct or indirect employment of the City of Concord shall not have any private interest, direct or indirect in any loan approved.

On occasion, CDAC may make exception and approve a loan, with prior written disclosure, from persons in direct or indirect employment by the City, but not involved with the direct administration of the Revolving Loan Fund Program.

The program shall adhere to the City of Concord's Code of Ethics for CDBG Administration adopted on September 12, 2005.

Section 2: Reporting

Staff shall provide a monthly status report to CDAC that includes at least a balance sheet and loan receivable summary.

Section 3: Nondiscrimination Statement

No applicant will be denied a RLF loan on the basis of sex, race, religion, age, national origin, ancestry, creed, pregnancy, marital or parental status, sexual orientation, or physical, mental, emotional or learning disability. Furthermore, anyone that has filed a claim under the consumer protection act may not be denied a loan based on information pertaining to the claim.

Section 4: Housing and Community Development Plan

This RLF program is consistent with the City of Concord's Housing and Community Development Plan.

The Plan calls for the rehabilitation of substandard housing in downtown Concord and Penacook Village and in manufactured home parks scattered throughout the City. Rehabilitation efforts are to be made to eliminate slums and blight, and to assist low- and moderate-income households in upgrading substandard housing units that are in violation of codes and life safety standards. The Plan specifically refers to the RLF as means by which the City may continue its housing efforts.

The Plan also recommends continued assistance to social service agencies, which serve low- to moderate-income clients, to help those agencies in bringing their facilities up to life and fire safety and energy codes.

CITY OF CONCORD
SUMMARY OF THE *HOUSING REHABILITATION*
REVOLVING LOAN FUND PROGRAM

I. PROGRAM OBJECTIVES

The primary objective of the Concord Housing Rehabilitation Program (The Program) is to improve the quality and quantity of the housing occupied by low- and moderate-income individuals or families.

Loan assistance is provided to help owners make essential repairs to houses and apartments in which low- and moderate-income persons reside. Essential repairs are those that are required to correct code violations, make the home more energy efficient, or are needed to correct conditions that threaten to become a code violation.

II. ELIGIBLE PROPERTY

A. Property can be either owner occupied or investor owned.

B. Loan assistance will only be provided to the housing units occupied by low- and moderate-income individuals. The owner is required to pay for the improvements made to housing units occupied by tenants with incomes that are above the income guidelines as established annually by the U. S. Department of Housing and Urban Development. In the case where an improvement is to the entire building (e.g. roof, siding, foundation) 51% of the housing units of the building must meet income eligibility requirements, or in the case of a duplex 50%.

C. Property may contain uses other than residential (e.g. commercial); however, the City's loan assistance will be restricted to the residential portion of the property. The owner must provide private financing for the prorated share of any improvements that directly or indirectly benefit the nonresidential portions of the structure.

D. Property must be located within Concord.

III. ELIGIBLE REPAIRS

The City's loan assistance will be used to: (1) eliminate conditions hazardous to health and safety (including code violations) and (2) make energy conservation improvements. Where funds allow, conditions will be corrected which are not violations but which threaten to develop into health or safety problems within a three year period if left unattended. City staff will determine eligible repairs.

IV. TYPE OF LOAN ASSISTANCE

The City will provide direct loans to the owner of the property in need of rehabilitation. The City intends to provide only that financing necessary to make the project financially feasible. Owners with adequate income or assets to secure other means of financing may be denied. Assets may include property value, savings and

personal property owned. The interest rate charge on any RLF loan may not be greater than 2% below the current prime rate as published in the *Wall Street Journal* on the date of the closing of the loan; in no event may it be less than 3%. Investor owned property will be subject to one additional percent, unless developed or owned by a nonprofit agency.

It is expected that rental rates, for those units in which loan assistance was provided, will be set at or below 80% of the fair market rent for the entire term of the loan. Annual rental rates, including utilities, are provided by the U. S. Department of Housing and Urban Development.

At least 51 percent, or in the case of a duplex 50 percent, of the housing units must be occupied by low- and moderate-income tenants for a period to coincide with the term of the loan after closing. For properties that are not owner occupied in the event that a loan is prepaid, the mortgagee will be required to maintain that housing as affordable for the same term as the original loan, as written in a deed restriction. All projects shall comply with the rules and regulations of the New Hampshire Community Development Finance Authority.

V. PENALTIES:

Loan payments, or portions thereof, which remain unpaid ten (10) calendar days after the payment due date may be subject to a penalty of five percent (5%) of the unpaid amount of said payment, unless an extension for cause is requested in writing by the Borrower at least two weeks prior to the initial due date and expressly granted by the Community Development Advisory Committee (CDAC). The RLF Administrator shall provide the CDAC with a monthly report of delinquent payments and the amount of penalty associated therewith which CDAC shall consider at their regular meetings. The decision to assess said penalties shall be at the sole discretion of the CDAC. Further, the CDAC shall have the ability to waive all penalties at its sole discretion, including those previously assessed by CDAC. Decisions on penalties shall be made on a monthly basis. In the event a meeting is cancelled, the decision shall be postponed to the next regular meeting or considered by CDAC through an email vote.

VI. DISTRIBUTION OF FUNDS

Funding under this program shall be awarded at the discretion of the Community Development Advisory Committee after the City staff makes a funding recommendation. Every effort will be made to process **complete** applications within 60 days of submission. Upon award, the applicant must draw down funds within 90 days of commitment or the award will become null and void.

The staff shall review proposals for funding to determine if they meet the minimum requirements of the State of New Hampshire Community Development Block Grant Program, the National CDBG Objectives, and the program guidelines. In addition, the application should comply with the Loan Policy Guidelines outlining the basis for the review of credit information.

In the event there are more requests for funding than funds available, proposals shall be scored utilizing the project need and impact criteria of the Community Development Finance Authority scoring system for housing rehabilitation projects as defined in applicable program rules. Loan awards will be made to the highest scoring projects.

VII. SUBMITTING THE PROPOSAL FOR FUNDS

Proposals must be submitted to the City of Concord, Community Development Department (RLF), 41 Green Street, Concord, New Hampshire, 03301.

Please include the following information in your proposal.

1. What the funding will be used for
2. Income verification
 - a) Copies of pay-stubs for the most recent 4 weeks, W2 or letter from employer on letterhead stating annual income.
 - b) Self-employed persons shall provide 3 years of income tax returns.
 - c) Divorce decree or Separation Agreement for alimony or child support (if alimony or child support is to be used in repaying the loan).
3. List of assets owned (application)
4. Financial information as requested (application)
5. Three estimates for the proposed work
6. Completed credit application
7. Current rent and utility charges, if applicable (rentals)
8. Documentation of financial assistance, if other funding sources are involved
9. Proposed terms (interest rate, length of loan)
10. Any other documentation pertinent to the situation.

CITY OF CONCORD
SUMMARY OF THE ***SOCIAL SERVICES FACILITIES***
REVOLVING LOAN FUND PROGRAM

I. PROGRAM OBJECTIVES

The primary objective of the program is to provide loan assistance to nonprofit social service agencies to upgrade their facilities to meet fire safety, energy, and accessibility codes. The project must benefit primarily Concord.

II. TYPE AND AMOUNTS OF ASSISTANCE

Loan assistance in the form of below market interest rate loans will be available. The terms and conditions of the loans are subject to negotiation and will depend upon the financial need for the project and the credit situation of the applicant.

The interest rate charge on any RLF loan may not be greater than 2% below the current prime rate as published in the *Wall Street Journal* on the date of the closing of the loan; in no event may it be less than 3%. CDAC reserves the right to review requests for interest rates outside this parameter in order to make a project financially feasible.

III. PENALTIES:

Loan payments, or portions thereof, which remain unpaid ten (10) calendar days after the payment due date may be subject to a penalty of five percent (5%) of the unpaid amount of said payment, unless an extension for cause is requested in writing by the Borrower at least two weeks prior to the initial due date and expressly granted by the Community Development Advisory Committee (CDAC). The RLF Administrator shall provide the CDAC with a monthly report of delinquent payments and the amount of penalty associated therewith which CDAC shall consider at their regular meetings. The decision to assess said penalties shall be at the sole discretion of the CDAC. Further, the CDAC shall have the ability to waive all penalties at its sole discretion, including those previously assessed by CDAC. Decisions on penalties shall be made on a monthly basis. In the event a meeting is cancelled, the decision shall be postponed to the next regular meeting or considered by CDAC through an email vote.

IV. ELIGIBLE RENOVATIONS

- A. Renovations that remove conditions that are dangerous to the health or safety of the users and employees of the building.
- B. Repairs which eliminate violations of the BOCA Building Code, ADA regulations and State Life Safety code.
- C. Energy conservation measures.

D. Renovations needed to make buildings accessible and usable by people who are physically disabled.

V. INELIGIBLE RENOVATIONS

A. Personal property such as purchase and installation of appliances, rugs, lamps, draperies, furniture, and window shades. In some cases equipment necessary to the operation or expansion of the program may be allowed.

B. Nonessential remodeling such as replacing of kitchen cabinets, enclosing porches, etc.

C. New construction and additions.

VI. ELIGIBILITY REQUIREMENTS

A. The agency must be incorporated, not-for-profit, and IRS tax exempt. The organization must have Internal Revenue Service tax-exempt status or a Section 501 (C) (3) purpose.

B. The agency must offer human and social service type programs. These may include, but are not limited to, facilities such as: emergency shelters, childcare centers, vocational training facilities, sheltered workshops for people who are disabled, and community mental health centers.

C. The agency must be a community-based organization addressing documented local needs. The agency's program must address problems and needs or demands in the community. The facilities must be located in the City of Concord and serve primarily Concord residents.

D. The agency must be able to adequately document the financial need for the project.

E. The majority (at least 51%) of the clients served by the agency must have incomes that fall below the low- and moderate-income level established by the Department of Housing and Urban Development and the Community Development Finance Authority for the Community Development Block Grant Program.

F. The agency must be able to demonstrate a commitment of its own funding resources and/or fees to maintain the facility after rehabilitation.

G. The project(s) must meet all regulations and requirements of the State of New Hampshire and the U. S. Department of Housing and Urban Development.

VII. DISTRIBUTION OF FUNDS

Funding under this program shall be awarded at the discretion of the Community Development Advisory Committee after City staff makes a funding recommendation. Every effort will be made to process **complete** applications within 60 days of submission. Upon award the applicant must draw down funds within 90 days of commitment or the award will become null and void.

City staff shall review proposals for funding to determine if they meet the minimum requirements of the State of New Hampshire Community Development Block Grant Program, the National CDBG Objectives, and the program guidelines.

In the event there are more requests for funding than funds available, proposals shall be scored utilizing the project need and impact criteria of the Community Development Finance Authority scoring system for public facility projects as defined in applicable program rules. Loan awards will be made to the highest scoring project.

VIII. SUBMITTING THE PROPOSAL FOR FUNDS

Proposals must be submitted to the City of Concord, Community Development Department (RLF), 41 Green Street, Concord, New Hampshire, 03301.

Please include the following information in your proposal.

1. Description of the problem
2. How you determined that at least 51% of the beneficiaries are low- to moderate-income and include documentation
3. The need for Revolving Loan Fund monies
4. All pertinent financial information for the past three years
5. Three estimates for the proposed work
6. Business Credit references (2)
7. Documented financial assistance, if other funding sources are involved
8. Proposed terms (interest rate, length of loan)
9. Any other documentation pertinent to the situation.

CITY OF CONCORD
SUMMARY OF *THE CHILD CARE DEVELOPMENT*
REVOLVING LOAN FUND PROGRAM

I. PROGRAM OBJECTIVES

The purpose of this program has two main objectives. The first is to provide loan assistance to childcare organizations in the development of new childcare facilities and/or the expansion of existing childcare facilities. The second is to provide loan assistance to the small, unlicensed childcare provider with the upgrading of their facility to meet licensing requirements with the understanding that they will be required to become licensed.

II. TYPE AND AMOUNTS OF LOAN ASSISTANCE

Loan assistance, in the form of below market interest rate loans, will be available to qualifying agencies. The interest rate charge on any RLF loan may not be greater than 2% below the current prime rate as published in the *Wall Street Journal* on the date of the closing of the loan; in no event may it be less than 3%. CDAC reserves the right to review requests for interest rates outside this parameter in order to make a project financially feasible.

III. PENALTIES:

Loan payments, or portions thereof, which remain unpaid ten (10) calendar days after the payment due date may be subject to a penalty of five percent (5%) of the unpaid amount of said payment, unless an extension for cause is requested in writing by the Borrower at least two weeks prior to the initial due date and expressly granted by the Community Development Advisory Committee (CDAC). The RLF Administrator shall provide the CDAC with a monthly report of delinquent payments and the amount of penalty associated therewith which CDAC shall consider at their regular meetings. The decision to assess said penalties shall be at the sole discretion of the CDAC. Further, the CDAC shall have the ability to waive all penalties at its sole discretion, including those previously assessed by CDAC. Decisions on penalties shall be made on a monthly basis. In the event a meeting is cancelled, the decision shall be postponed to the next regular meeting or considered by CDAC through an email vote.

IV. ELIGIBILITY REQUIREMENTS

- A. The agency must be a licensed childcare provider by the State of New Hampshire or, in the case of the small home childcare provider, will be required to become licensed.
- B. At least fifty-one percent (51%) of the children to be provided with childcare service must come from families with incomes which fall below the low- and moderate-income level as determined by the Community Development Finance Authority and Department of Housing and Urban Development for purposes of the Community Development Block Grant Program.

- C. The childcare project must involve at least one of the following:
 - 1. The creation of a new childcare facility that increases the supply of childcare slots in Concord.
 - 2. The expansion of an existing childcare facility that increases the supply of childcare slots in Concord.
 - 3. Upgrading of a small, unlicensed home-based childcare provider to meet State and City building codes and become licensed.
- D. The facility must be located in Concord and must primarily serve Concord residents.
- E. The agency must be able to adequately document the financial need for the project.
- F. The project(s) must meet all regulations and requirements of the State of New Hampshire and U. S. Department of Housing and Urban Development. The facility must meet the licensing requirements of the NH Department of Health and Human Services.

V. ELIGIBLE PROJECTS

Financing may be used for the acquisition, demolition, and rehabilitation of existing buildings (both exterior and interior), and architectural and engineering services associated with the development of childcare facilities. Financing may not be used for personal property, equipment and furnishings, appliances, supplies, or rugs. Operating expenses (i.e. salaries, benefits, licenses, insurance, utilities, taxes, food, etc.) are not eligible under this program. Site work such as landscaping, paving, drainage improvements, and the replacement or installation of utilities is permitted.

VI. DISTRIBUTION OF FUNDS

Funding under this program shall be approved at the discretion of the Community Development Advisory Committee after City staff makes a funding recommendation. Every effort will be made to process **complete** applications within 60 days of submission. Upon award the applicant must draw down funds within 90 days of the commitment or the award will become null and void.

Periodically, an announcement may be made by the City of Concord on the availability of funding. All eligible agencies will be notified. Applications shall be made to the City of Concord Community Development Office. The staff will review proposals to assure they meet the requirements of the State of New Hampshire Community Development Program, the National Objectives, and these program guidelines.

In the event there are more requests for financing than funds available, proposals will be scored utilizing the project need and impact criteria of the Community Development Finance Authority scoring system for public facility projects as defined in applicable

program rules. Loan awards will be made to the agency submitting the highest scoring project.

VII. SUBMITTING THE PROPOSAL FOR FUNDS

Proposals must be submitted to the City of Concord, Community Development Department (RLF), 41 Green Street, Concord, New Hampshire, 03301.

Please include the following information in your proposal.

1. Description of the problem
2. How you determined that at least 51% of the beneficiaries are low- to moderate-income and provide documentation
3. The need for Revolving Loan Fund monies
4. Provide financial information
5. Three estimates for the proposed work
6. Business Credit references (2)
7. Documentation of financial assistance, if other funding sources are involved
8. Proposed terms (interest rate, length of loan)
9. Any other documentation pertinent to the situation.

CITY OF CONCORD
SUMMARY OF THE **ECONOMIC DEVELOPMENT**
REVOLVING LOAN FUND PROGRAM

I. PROGRAM OBJECTIVE

Loan funds shall be used to provide financial incentives for the expansion of existing local industries or basic economic sector business ventures and for the attraction of new industries or basic economic sector business ventures to the City of Concord. The loan funds will be utilized to ensure that a maximum number of jobs will be created and retained, the local and regional industrial and economic base is broadened, Merrimack County communities' property tax bases are broadened, and the proposed industrial or basic economic sector business use/expansion is compatible with the local and regional environment. In reviewing the employment impact of the proposed loan, priority will be given to those projects which create (and in some instances retain) permanent, higher skilled, higher paying jobs, and will provide benefit to persons having low- to moderate-incomes.

It is anticipated that allocations of community development block grant funds will have been made to this RLF to create employment and stimulate the local economy. CDBG program rules require that at least 51% of these funds will be used to provide long-term (20 year) benefit to low- and moderate-income persons. Therefore, as a loan requirement, projects shall provide benefit to low-and moderate-income persons by hiring low-and moderate-income persons to fill at least 51% of the jobs created.

II. ELIGIBILITY CRITERIA

Only those businesses which meet the following criteria will be eligible to receive direct loan assistance under this program:

1. Site purchase of land, including site development costs;
2. Relocation costs incurred in construction and occupancy of the facility;
3. Rehabilitation of existing building;
4. Machinery and equipment acquisitions;
5. Training employees to fill new jobs being created;
6. Other activities appropriate to the project and approved by CDAC; or,
7. The applicant business must meet the size guidelines of the Small Business Administration. Generally, a firm is considered small if its net worth is less than \$7 million and its average net income, after taxes during the previous two years, is less than \$2.5 million.

III. LENDING CRITERIA

Loans may be made to both industrial and commercial businesses that meet the above requirements. In the event that there is more demand for financial assistance than funding available, priority will be given to projects:

1. When RLF dollars leverage more non-RLF dollars (as a percentage);

2. That create more jobs per RLF dollar invested;
3. Are in the downtown areas or that utilize vacant buildings; and,
4. That is a Minority Business Enterprise or a Women Business Enterprise, etc.

IV. POLICIES

This RLF plan is governed by the policies as stated herein, reviewed annually and, if necessary, amended by the CDAC and adopted by the City Council.

1. The maximum loan amount per job created or retained is \$20,000
2. RLF funds may not constitute more than 50% of any project's total financing
3. At least 51% of the full-time permanent jobs created and/or retained must be taken by or made available to persons from households of low- and moderate-income
4. The owner/developer must invest at least five percent (5%) in cash or equity towards the project's fixed assets costs
5. At least 15% of a project's fixed assets costs must be privately financed (This may include owner/developer's equity)
6. There will be no refinancing of existing debt
7. There will be no loan guarantees at this time
8. Applications for RLF loans must be made on standard City of Concord CDBG Economic Development program pre-applications and application forms and associated supplemental materials
9. Loan commitments must be made in writing and only after all program requirements have been met
10. Businesses with an open RLF loan must have successfully completed the initial project, reached its job creation commitment, and demonstrated compliance with all other terms of the RLF agreement to be eligible for additional RLF funding
11. Grants may not be made
12. The interest rate charged on any RLF loan may not be greater than 2% below the current prime rate as published in the *Wall Street Journal* on the date of the closing of the loan; in no event may it be less than 3%.

V. FINANCING

The maximum commitment will not exceed 50% of the total project costs unless the CDAC recommends approval of a higher percentage. In addition, the level of funding will not exceed \$20,000 for each job to be created at project completion or projected over the next two years after completion. If a business were to close down or have significant employment lay-offs, without the RLF assistance, the jobs which would be lost in that project, will be treated as if they were new jobs. In addition, there is a \$200,000 limit on the amount that can be borrowed by any one business (or debtor), unless the CDAC recommends approval of a higher amount.

VI. TERMS

The terms of the loan can be flexible and will be appropriate to the needs of the company. Loans will generally be for a period of from five to ten years and shall not exceed either the shorter of (a) the project's first mortgage or (b) 15 years. Loans may be written for less than five years. Loans for machinery and equipment will generally be for the life of the equipment. If the loan is made as part of an SBA project, the loan term may be as required under the then-current SBA Regulations.

VII. PENALTIES:

Loan payments, or portions thereof, which remain unpaid ten (10) calendar days after the payment due date may be subject to a penalty of five percent (5%) of the unpaid amount of said payment, unless an extension for cause is requested in writing by the Borrower at least two weeks prior to the initial due date and expressly granted by the Community Development Advisory Committee (CDAC). The RLF Administrator shall provide the CDAC with a monthly report of delinquent payments and the amount of penalty associated therewith which CDAC shall consider at their regular meetings. The decision to assess said penalties shall be at the sole discretion of the CDAC. Further, the CDAC shall have the ability to waive all penalties at its sole discretion, including those previously assessed by CDAC. Decisions on penalties shall be made on a monthly basis. In the event a meeting is cancelled, the decision shall be postponed to the next regular meeting or considered by CDAC through an email vote.

VIII. INTEREST RATE

The interest rate charge on any RLF loan may not be greater than 2% below the current prime rate as published in the *Wall Street Journal* on the date of the closing of the loan; in no event may it be less than 3%.

The CDAC may recommend an initial period of interest-only when a project involves substantial capital investments. This deferral of the starting of principal repayment is available to assist businesses undergoing significant projects and to ease their cash flow needs at the onset of the project.

IX. GENERAL REQUIREMENTS

All loans must be secured by an adequate amount of assets generally calculated at liquidation value. The loans can either share a first lien position with a conventional lender or accept a subordinate position depending on the funding source and its underwriting criteria.

Financing will be offered with maturities based solely on the estimated economic life of the assets financed. No prepayment penalties shall apply.

X. DISTRIBUTION OF FUNDS

Funding under this program shall be awarded at the discretion of the Community Development Advisory Committee after City staff makes a funding recommendation.

In the event there are more requests for financing than funds available, proposals will be scored utilizing the project need and impact criteria of the Community Development Finance Authority scoring system for economic development projects as defined in applicable program rules. Loan awards will be made to the business submitting the highest scoring project.

XI. SUBMITTING THE PROPOSAL FOR FUNDS

Proposals must be submitted to the City of Concord, Community Development Department (RLF), 41 Green Street, Concord, New Hampshire, 03301.

Please include the following information in your proposal.

Summary Page

- a. Name of borrower, address, telephone and fax number
- b. Type of business, date of establishment, and Federal I.D. number
- c. Project cost
 - Land
 - Land improvements
 - Building
 - Machinery and equipment
 - Professional fees (lawyer, accountants, architects, etc.)
 - Other (contingency, construction interest, etc.)
 - Total
- d. Amount and source of funds (include terms and interest rates of loans)
 - Bank
 - Revolving Loan Fund Program
 - Agency (SBA, etc.)
 - Local development corporation
 - Equity
 - Total
- e. Brief project description
- f. Available collateral other than project assets
- g. Employment, Job Creation and Retention
 - Before project
 - After project
- h. Name, title, and phone number of individual who prepared this application
- i. Name and address of registered agency (legal representative for notification purposes)
- j. Signature and title of applicant; date of application.

Principals

- a. Names of principals in the business and their addresses, phone numbers, titles, social security numbers, and percent of ownership

- b. Personal resumes of all principals and/or officers outlining education and employment history, particularly as it pertains to the project.

Project Description

Description of what is to be purchased or built with funds borrowed.

- a. Legal description of land and building, physical description with diagrams and/or blueprints, and any required rezoning or variances. Include sales agreement for land and/or building purchased, if applicable, and/or construction estimates
- b. Description of machinery to be purchased. Include manufacturer's name and model number, price quotations, etc.
- c. Appraisal of existing building and used equipment to be purchased
- d. Appraisal of other assets offered as collateral.

Financial Plan

- a. Audited financial statements for the past three years. Include statements of the profit and loss, sources and uses of funds, and balance sheets
- b. Pro forma financial statements for three years forward
 - Profit and loss, cash flow statements, and balance sheets as well as monthly forecast for the first year
 - All officer compensation for applicant
 - Assumptions underlying pro forma financial statements, including the production forecast.
- c. Personal financial statements for all principals with ownership equal to or greater than 15%.
- d. Interest rates, terms, conditions, and amount of interim financing, if any.

Project Timetable

- a. Timetable for completion of project.

Benefits to Local Area

- a. Amount of local property tax paid in New Hampshire by borrower prior to project and expected taxes on completion of project
- b. Prospective local suppliers and type of supplies
- c. List of benefits to the area other than those already mentioned.

Bankruptcy/Litigation

Details of any bankruptcy, receivership, compromises with creditors, any pending litigation, criminal charges or criminal convictions other than minor motor vehicle violations, against the applicant, company, officers, directors, or principal stockholders. If none, include a statement to that effect.

Lender Commitments

Letters of commitment from all other participating lenders or guarantors, including banks and other institutions, local development corporations, and U. S. government agencies. Include copies of appropriate resolutions of boards or committees, certified by the custodians of these documents.

Authority to do Business in New Hampshire

Certificate of Authority to do business in New Hampshire, if applicant is an out-of-state company.