



# CITY OF MILTON

## SMALL BUSINESS DEVELOPMENT LOAN PROGRAM

### **PURPOSE:**

The Common Council has authorized the creation of the Small Business Loan Program, hereinafter referred to as “program.” The program is a partnership between the City, Bank of Milton, and First Community Bank which shall constitute SBD Loan Committee. The purpose of the program is to provide loans for businesses in Milton to improve, create, or expand/enhance their businesses. The program provides an alternate funding source when more traditional municipal funding sources may not be available or applicable.

The Common Council has developed the following set of goals regarding the program’s purpose.

1. Maintenance and Improvement
  - a. Encourage public and private efforts to maintain and improve the community
  - b. Promote the attractiveness of downtown Milton as a preferred location to live and operate a business.
  - c. Encourage maintenance and improvements of existing buildings to prevent or eliminate deteriorating conditions.
2. Preserve Downtown Stability and Property Values
  - a. Maintain the City’s downtown appeal and preserve property values by encouraging owner to renovate their business and create/update living units.

### **MINIMUM REQUIREMENTS:**

1. Projects shall occur within the City of Milton.
2. Projects shall commence within ninety (90) days of closing of the loan and shall be completed within one (1) year of the loan closing date. The Common Council may allow completion extensions upon request of the applicant. The Common Council reserves the right to eliminate project funding if not completed within the specified time period and is not obligated to grant time extensions.
3. Projects shall comply with all applicable City building and zoning standards and requirements.
4. Concurrent applications from the same applicant, unless for separate properties, shall not be allowed. An applicant may apply for another project after any existing project by the same applicant is completed to the satisfaction of the Common Council.

### **ELIGIBLE ACTIVITIES INCLUDED BUT NOT LIMITED TO:**

1. Land and/or building acquisition
2. Professional design/architectural services
3. Interior and/or exterior renovations
4. Structural repairs
5. Building expansions
6. Construction of a new facility

7. Improvements necessary to bring the property into code compliance
8. Other activities deemed appropriate designated by the Common Council of the City of Milton

**NON-ELIGIBLE ACTIVITIES INCLUDED BUT NOT LIMITED TO:**

1. Removal without replacement of architecturally significant features and design elements.
2. Purchase of inventory or other goods to be sold by the business.
3. Any roof repair or replacements, except in cases where a new roof “style” is a critical component of the façade restoration or replacement project.
4. Compensation for time and labor spent by applicant or members of applicant’s immediate family. *(Note that one needn’t be the building owner to apply.)*
5. Other activities as designated by the Common Council/City of Milton.

**PROGRAM TERMS & CONDITIONS:**

**General Requirements**

1. The applicant must submit a business plan and projected financials for the next three (3) years.
2. Business financial statements for the last three (3) years, or a commitment letter from the financial institution of your primary loan, as applicable.
3. If a site plan approval will be required by the City of Milton for the proposed improvements, scale drawings of proposed interior and exterior building changes, construction schedule, and cost estimates should be provided as part of the application documentation. Proposed façade renovations should include proposed materials list and color samples, and any proposed brick cleaning methods.
4. Copies of leases, purchase options or agreements, or other financial agreements related to the subject property. All applicants requesting more than \$5,000 in financing through Milton’s Small business Loan Program are **REQUIRED** to provide verification that the applicant has sought conventional financing (i.e. bank loan or line of credit) for the proposed project.
5. Completion of the program application.
6. Applicants, if tenants, must have the written permission and approval from the respective property owner.
7. Applicants must take out the appropriate building and/or sign permits. Fee waivers shall not be allowed, unless approved by the Common Council. Loan funds cannot be used to pay for permit fees.
8. Applicants who are delinquent with their property or personal tax, utility payments, or have outstanding municipal code violations may not eligible until said issues are resolved, unless approved by the Common Council.
9. Minor changes to the project will require submittal and approval by the City Administrator. Significant project changes, as determined by City Administrator, will require approval of the Common Council.
10. The Common Council reserves the right to cancel any loan agreement if any of the conditions of the program guidelines and agreement are not met.
11. Applicants shall provide a Certificate of Insurance with their application showing proof of property insurance for fire and all hazards. The City shall be designated a loss payee up to the amount of the loan.

**APPROVAL AUTHORITY:**

The Common Council will have the ultimate authority to approve or deny applications on a case-by-case basis and may impose certain design conditions on approved projects.

**EXPIRATION:**

The program will expire if one of the following occurs:

1. When all the funds have been expended, unless additional funding has been authorized by the City Council.
2. When the Common Council chooses to eliminate or amend the program.

**LOAN TERMS:**

All loans granted under this program shall be subject to the following terms and conditions:

1. The maximum loan granted under this program shall not exceed \$12,500 per application.
2. The Common Council reserves the right under this program to exceed the maximum loan amount of \$12,500 per application on a case by case basis.
3. The interest rate on the loan shall be at the prime rate at the time the application is approved by the Common Council. The loan shall be amortized for a period not greater than 7 years with equal monthly payments. The first payment shall be no later than first day of the second month after disbursement of funds. This will be provided on the amortization schedule with the loan.
4. If the applicant sells or vacates the business, the remaining balance of the loan shall be due immediately. The loan may not be assigned without the express written consent of the Common Council. The loan may be prepaid in whole or in part at any time.
5. Loan approval shall expire six months following the date the Common Council approves the loan unless the project has commenced.
6. Projects must be completed within one year of Common Council approval.
7. Project participation may be limited based on the availability of program funds.
8. Applicants will be required to sign a note and a mortgage as a condition for receiving loan funds. The mortgage (if applicable) will be recorded against the property at the Office of the Register of Deeds and shall be paid by the applicant.
9. Applicant shall have a minimum 10% equity/securitized stake in the business assets.
10. Applicant shall sign a personal guarantee.

**LOAN PROGRAM PROCEDURES:**

1. Applicant meets with City staff for initial project discussion.
2. Applicant submits grant application to SBD Loan Committee, and required documentation. The SBD Loan Committee reviews the application and required documentation and provides a recommendation to the Common Council for approval or denial.
3. Common Council reviews plans and approves or denies loan request. If approved, the Common Council may place conditions on the proposed project.
4. If denied, applicant may submit a revised application and repeat process.

5. Applicant submits building and/or sign permit with final design plans as required by City code.
6. Building Inspector reviews and approves any required permits.

7. A “loan document” is drafted by City staff that identifies the terms of the agreement. All parties execute said letter. A note and mortgage are drafted which the applicant signs.
8. Construction/Installation begins. Applicant has ninety (90) days from the execution date of the loan to begin implementation of approved improvements. Any plan changes would require approval.
10. Construction is completed within one (1) year of loan agreement signed.
11. Applicant contacts Building Inspector to request project review to see if all code requirements have been met.
12. Applicant provides itemized paid invoices for the project, and any outstanding bills which are also eligible for payment under the loan agreement, to City staff, along with the completed "Project Close-Out" section on the application form.
13. While a construction lien waiver is not required, it is recommended that the applicant consider obtaining appropriate construction lien waiver(s) from the contractor(s) for the project.