

PURPOSE:

The Bethel Economic Development Revolving Loan Fund shall serve public projects and interests, and businesses located within the Town of Bethel. The Loan fund was capitalized initially with funds paid back as the result of activities conducted under Vermont Community Development Program Grant #238/91IG(02a). Loans financed through this fund are to be for projects which comply with all applicable CDBG regulations governing the use of HUD funds when such monies are used as part of any approvals, and which have impact on job creation and retention, especially for low and moderate income people.

This is a loan fund and loans must be paid back. This program is not a grant fund.

ADMINISTRATION OF THE FUND:

The Bethel Board of Selectmen shall administer this fund. The Board of Selectmen may appoint and maintain a Loan committee to be responsible for administering the Bethel Economic Development Revolving Loan Fund Loans to Businesses. All Activities of the Loan committee shall be governed by these "Guidelines." The Loan Committee shall keep an accurate record of its activities and shall make report of it's activities to the Board of Selectmen reasonably upon request. All Funds belonging to the Bethel Economic Development Revolving Loan Fund shall be held in trust by the Town of Bethel in a segregated account commensurate with their status as public funds. Amendments to these guidelines may be considered at any time by the Board of Selectmen, and will be deemed approved by a majority vote of the Board of Selectmen.

I. PUBLIC PROJECTS

The Board of Selectmen shall determine if it is in the public's interest to utilize Bethel Economic Development Revolving Loan Funds in support of Public Projects, and shall make necessary provisions for administering and servicing any such loans as may be placed.

II. LOANS TO BUSINESSES

A. Loan Committee Structure

1. Authority: The Board of Selectmen may appoint and maintain a Loan Committee to have the authority, within these policies, to review all applications for loans from eligible applicants for private business purposes.
2. Voting: Recommendation for approval of loan applications shall be made by a majority of the members of the Revolving Loan Fund Committee attending a meeting where a quorum is present.

3. Quorum: A quorum for the Loan Committee shall be a simple majority of members of the Committee.
4. Reports: The Committee shall provide written reports on all actions of the Committee to the Selectboard upon request.
5. Review: The Loan Committee shall review these policies at least annually and shall make recommendations to the Selectboard of amendments deemed necessary.

B. Business Loan Fund

1. Applicant Eligibility: The Applicant must demonstrate to the Committee's satisfaction a commitment, intent, and reasonable ability to repay the loan. The Applicant must operate or intend to operate a business in the Town of Bethel. Preference will be given to businesses with a truly regional impact. In addition, the Applicant must propose to use the borrowed funds for that portion of the business located within the Town. Applicant must be in good standing with all taxing authorities. If the business moves out of the Town of Bethel the loan will be due in full.
2. Eligible Activities: Revolving Loan Fund loans may be used for most legitimate business needs, providing that the costs are allowable, in conformance with Vermont Agency of Development and Community Affairs procedures and made only for Community Development Activities as defined by the Vermont Community Development Act and by Title I of the US Community Development Act of 1974.
3. Security: Security on loans will be determined by the Revolving Loan Fund Committee on a case-by-case basis.

Personal guarantees, co-signers, and other specific security arrangements may be required as a condition of Loan Approval. In addition to a signed loan document, loans will be supported by a UCC-1 filing with the Town and the State of Vermont.

4. Types of Loans: The Bethel Economic Development Revolving Loan Fund Committee shall consider, but not be limited to, fully amortized loans, set at a rate which is compatible with the Applicant's ability to repay, but no less than 4% per annum unless a lower rate is approved by the Board of Selectmen. The rate is to be set at the date of loan approval.
5. Funding Limits/Additional Financing Requirements
 - a. Loans will usually be limited to \$25,000.
 - b. For requests under \$25,000 a minimum match of 20% will be required.
 - c. If a loan of over \$25,000 is made, a minimum match of 50% will be required.

C. Business Loan Application Procedure

1. Loan Application: All loan requests must be accompanied by an application for funds. Applications can be secured from the office of the Town Manager. The application shall include the following:
 - a. Completed Application Form.
 - b. Signed cover sheet detailing the Applicant's personal financial statement, and including a statement giving the Town the authority to have a credit check performed.
 - c. Project Description: The purposes for which the loan will be used; total project costs; amount of the loan request.
 - d. Business Plan: Describe short and long term goals; business environment (size and character of market, major competitors, major customers, uniqueness of product or service, special skill of borrower); general marketing and production plan; location; key personnel; management plan; current number of employees; job characteristics and compensation level.
 - e. Financial information, including two years' historical financial and two years' financial projection.
 - f. List of equipment, land, buildings, etc. to be purchased (if applicable).
 - g. Number of jobs to be created or retained; statement of benefit to the region.

The Applicant will have an opportunity to make a presentation of his/her application before the committee during its regularly scheduled meeting.

2. Loan Application Decisions: All applications will be reviewed by the Bethel Economic Development Revolving Loan Fund Committee on a case-by-case basis and in a timely fashion. The Committee will reach one of three decisions:
 - a. Approved: the Chair will accordingly advise both the Applicant and the Selectboard.
 - b. Tabled: for more information at which time the Chair will see that the Applicant understands what information is required and, if necessary, provide information to the Applicant on how to secure the appropriate technical assistance in order to develop that information.
 - c. Declined: at which time the Chair will accordingly advise both the Applicant and the Selctboard.

Any of these decisions requires that the recommendation be sent to the Applicant within ten(10) days of the Revolving Loan Fund Committee meeting at which the Applicant's request is considered.

Failure to hold meetings and/or render decisions pursuant to the time tables set forth in these guidelines shall not constitute approvals of the application or generate any liability on the part of the municipality or the committee.

3. Loan Closing: The Bethel Economic Development Revolving Loan Fund may contract with a local attorney to perform all closings for loans from the Revolving Loan Fund. The Chair will inform of the loan amount approved, required collateral, and any special conditions attached to the loan or approval. The

attorney shall contact the Applicant and arrange for closing. The Attorney shall secure a release of funds.

4. **Loan Payment:** Loan payments shall be made directly to the Town of Bethel or the financial institution chosen to administer the fund. Loans will be paid back in monthly installments of principal and interest, unless prior arrangements are made before loan closing.
5. **Closing Costs:** All closing costs, including prepaid interest, title search, appraisal, credit report, recording and other miscellaneous costs may be included in the loan amount.
6. **Insurance:** The following types of insurance may be required, from the borrowers, depending on the individual circumstances:
 - a. Prior to closing evidence of property hazard insurance sufficient to cover the amount of all mortgages including the Bethel Economic Development RLF/loan.
 - b. Flood Hazard Insurance will be required for all loans made for improvements of properties existing within the standard intermediate flood plain (100 year flood plain), at least in the amount of the loan made by the Loan Committee. The Loan Committee may, at its discretion, require flood insurance for the amount of all mortgages, up to the maximum insurable value under the National Flood Insurance Program.
 - c. Casualty Insurance and Credit Life Insurance may be required by the Loan Committee if deemed appropriate.
 - d. Business Liability Insurance shall be carried by any recipient of loan funds.

For all insurance on the property, notification shall be sent to the insurance carrier to add the Bethel Economic Development Revolving Loan Fund as a loss payee.

D. Loan Servicing

1. **General procedures:** Loan payments shall normally be due every month at the Bethel Town office or the financial institution servicing loans for the fund. A late charge of 5% may be assessed for any late payment of 15 days or more. Loans may be prepaid at any time without penalty.

The Bethel Economic Development Revolving Loan Fund Committee will negotiate with the financial institution of its choice regarding servicing costs and servicing procedures.

2. **Delinquent Accounts:** A loan shall be considered delinquent and collection efforts instituted by the Town for any loan delinquent for thirty (30) days or more.
3. **Foreclosure:** Foreclosure may be considered for the following circumstances:
 - a. Abandonment of the property;
 - b. Default on note or any instrument securing repayment of the note;
 - c. Sale of mortgaged property if loan assumption is not approved by the Town or if loan terms are not assumed by new entity;

- d. Death of borrower and the estate does not pay the note;
- e. Default on any note, mortgage, or security interest having priority over the obligation owing to the Town and or any instrument securing repayment of that obligation.
- f. Relocation of the project outside of the Town of Bethel.
- g. Failure to meet the terms and conditions of the loan in regard to job creation/retention or adherence to requirements as set forth by the Agency of Development and Community Affairs or Title I of the US Community Development Act of 1974.

Foreclosure proceedings will be governed by applicable State Statute.

4. **Forbearance:** Recasting of loans shall be considered when the borrower's financial situation has changed significantly since the closing of the loan. The decision upon any method of forbearance must be approved by the Loan Committee.
5. **Bad Debts:** Any loan which has a remaining balance after foreclosure of collateral must be collected in full or charged off as a bad debt.
6. **Non-discrimination:** in accordance with the provision of the Equal Opportunity Act, the Bethel Economic Development Revolving Loan Committee may not discriminate in its lending practices on the basis of race, color, religion, sex, national origin, marital status, sexual orientation or physical or mental handicap.
7. **Confidentiality:** All Bethel Economic Development Revolving Loan Fund Committee meetings to consider loan requests shall be held in Executive Session.

Disclosure of any information relating to the application to, transactions by, and decisions of the Loan Committee as to rate, term, and conditions of loans shall not be made to anyone except to the Selectboard, unless by written authorization of the Applicant.

E. Appeals

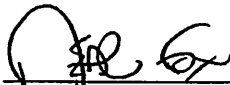
1. **When Applicant Disagrees:** When an applicant disagrees with a decision of the Bethel Economic Development Revolving Loan Fund Committee, the following procedure shall be followed:
 - a. The Applicant shall contact the Chair of the Loan Fund Committee and request an opportunity to resubmit an Application which responds to the reasons for rejection of the first Application.
 - b. Upon resubmittal, the Revolving Loan Fund Committee will meet to hear the resubmitted proposal as the first order of business at its next regularly scheduled Committee meeting and will forthwith notify the applicant and Selectboard of the Town.

G. Amendments to Business Loan Guidelines

Amendments may be proposed at any time by the Bethel Economic Development Revolving Loan Fund Committee or by the Board of Selectmen, and recommended by a majority vote to the Selectboard for approval. Amendments will be approved by a majority vote of the Selectboard.

Approved this 22nd day of March, 2004

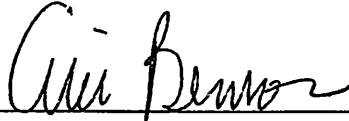
Town of Bethel Selectmen:



Neal Fox



Bill Richards



Eric Benson

**TOWN OF BETHEL
ECONOMIC REVOLVING LOAN FUND
APPLICATION**

Name of Applicant: _____

Address: _____

Phone #: _____

Location of Business: _____

Amount Requested: _____

Brief Summary (intentions for use of loan): _____

(For Committee Use)

_____ Application Approved on _____
date

_____ Application Denied on _____
date

MASTER

Town of Bethel – Revolving Loan Fund – Certification

I/We hereby apply for the loan or credit described in this application. I/We certify that I/we made no misrepresentations in this loan application or in any related documents, that all information is true and complete, and that I/we did not omit any important information. I/We agree that any property securing the loan or credit will not be used for any illegal or restricted purpose. Lender is authorized to verify with other parties and to make any investigation of my/our credit and employment status, either directly or through any agency employed by Lender for that purpose. Lender may disclose to any other interested parties Lender's experience with my/our account, any reasons for any adverse action, and any other information Lender may have about me/us. I/We understand that Lender will retain this application and any other credit information Lender receives, even if no loan or credit is granted. Any subsequent credit investigations for collections purposes and any other legitimate purposes are hereby authorized. I/We fully understand that it is a federal crime punishable by fine or imprisonment, or both, to knowingly make any false statements concerning any of the above facts on the application as applicable under the provisions of Title 18, United States Code, Section 1014.

Applicant

Co-Applicant

X _____
Signature Date

X _____
Signature Date