

**CITY OF BRILLION
BUSINESS REVITALIZATION**

**ZERO
INTEREST
LOAN
PROGRAM**

Brillion

**Community Development Zero Interest Loan Program Manual
June 2, 2005**
(Approved by the Brillion City Council – June 27, 2005)

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FOREWORD

The City of Brillion has developed a Business Revitalization Zero-Interest Loan Program. This loan program provides incentives to stimulate visible reinvestment in City of Brillion bus inesses. Property owners are encouraged to consider improvements that incorporate the surrounding community. These improvements should create a cohesive, inviting environment.

The program provides dollars for actual project costs up to \$8,000 per property address, to commercial property owners and/or merchants for exterior building and site improvements. Priority will be given to façade restoration projects within the downtown commercial district. Approved projects will be funded on a first-come, first-served basis until all funds are expended. The possibility exists that a loan pool set up by the local banking establishments may become available for participants to use within the program.

SECTION 1. GENERAL PROVISIONS

1.1 PURPOSE

The purpose of the policies and procedures contained within this manual, hereafter referred to as the Business Revitalization Zero-Interest Loan (BRZIL) Program, is to present the criteria which governs the economic development activities assisted with funds made available through the City of Brillion's Zero Interest Loan program.

1.2 OBJECTIVES

The objective of this program is to encourage business revitalization of commercial property owners and/or merchants for exterior building and site improvements. Priority will be given to façade restoration projects.

1.3 AMENDMENTS and MODIFICATIONS

The City may from time to time amend the provisions imposed by the policies and procedures contained within the Business Revitalization Zero-Interest Loan Program manual.

SECTION 2. ADMINISTRATION

2.1 LOAN REVIEW PROCESS

Specific steps in the review process include the following:

- (1) Preliminary Review. The City Administrator and/or Zoning Administrator will review the application for completeness and verify that the proposed project meets the minimum requirements. If the application is not complete, the applicant will be informed of the deficiencies.
- (2) Formal Review. The City of Brillion Business Revitalization Zero-Interest Loan Committee will meet to review an application within 30 days of the receipt of a completed application or at some other predetermined schedule. Once the review is completed and the proposal is acceptable for funding, the Community Development Committee will forward the proposal to the governing body for final approval or to whatever other body has been authorized to act on loan requests.
- (3) Negotiation of Terms. Upon the tentative acceptance by the governing body, the Administrator will contact the business in writing to review and explain the terms of the loan.
- (4) Notice of Award. If the application is approved, a closing will be scheduled to execute the necessary loan documents.
- (5) Rejection of Award. If the application is not approved, the Administrator will send a letter to the applicant stating the reasons for rejection and offer to meet with the applicant to explore ways to strengthen the loan request or to identify alternative funding sources.

2.2 MEETINGS

Loan review meetings shall be held on an as-needed basis. Pursuant to Section 19.84, Wisconsin Statutes, all Committee members shall be given prior notice of each meeting. A majority of the Committee in attendance at a meeting constituting a quorum shall be required for official Committee action. Official actions must have the support of the majority of the total Committee. Vacant positions on the Committee shall be counted in determining the total number of Committee members.

2.3 RECORDS

Written records of all program activities, including program meetings, loan applications, and related documents, shall be maintained in appropriate files. All files should be maintained in a secure place with limited access by authorized personnel. The City's legal counsel shall be consulted in regard to compliance with state and municipal open records laws.

SECTION 3. ELIGIBILITY CONSIDERATIONS

3.1 ELIGIBLE AREA

The area served by the Business Revitalization Zero-Interest Loan program shall generally be within the business district of the City.

3.2 ELIGIBLE APPLICANTS

- (1) Applications may be submitted by the sole proprietor or Chief Executive Officer of any business wishing to enhance the appearance of their property.
- (2) No member of the governing body, review committee, or any other official, employee, or agent of the City who exercises decision-making functions or responsibilities in connection with the implementation of this program is eligible for financial assistance under this program.
- (3) No program loans will be made which are in conflict with Section 946.13 of the Wisconsin Statutes (Private Interest in Public Contract Prohibited).
- (4) Applicants shall not be disqualified based on age, race, religion, color, handicap, sex, physical condition, development disability as defined in s. 51.01(5), sexual orientation or national origin.

3.3 ELIGIBLE ACTIVITIES

Program loans shall be available to eligible applicants for the following activities:

- (1) All work must be done on the exterior of the building/property and result in a publicly visible improvement.
- (2) All work done must be in accordance with the City of Brillion Code of Ordinances and all required permits must be obtained. Work must include the correction of any known exterior building code violations.
- (3) Work in progress or performed prior to project approval will not be eligible for funding.
- (4) Funds may be used for, and are limited to the following uses: exterior building materials, paint, awnings, windows, doors, landscaping, fencing, lighting or signs. Other uses may also be eligible if prior approval is granted by the City of Brillion.
- (5) Signs are eligible for this program, but must not amount to more than 50 percent of the total project expenditures.

3.4 INELIGIBLE ACTIVITIES

Program loans shall not be available for the following types of property:

- (1) Tax delinquent.
- (2) Special assessment delinquent.
- (3) Property litigation.

- (4) Property in condemnation or receivership.
- (5) Property owned by religious groups.
- (6) Exclusively residential buildings.
- (7) Property considered non-conforming to the City's Code of Ordinances.

SECTION 4. TERMS AND CONDITIONS

4.1 TERMS AND CONDITIONS

Loan terms and conditions shall be structured on need and ability to repay. Minimum standards shall include the following:

1. Loan Amount: This business/commercial oriented program allows up to \$8,000 of City funds per business property.
2. Interest Rate: The interest rate shall be at 0%.
3. Terms of Loan: Loans shall have a payback period based on the amount of loan.

\$1,000 - \$3,000	3 yrs
\$4,000 - \$6,000	5 yrs
\$7,000 - \$8,000	7 yrs
4. Period of Payment: Terms may include amortization schedules to be set up for monthly payments.
5. Repayment: Loans shall become due and payable at the maximum term of the loan, when the business no longer occupies the premises, when the business owner transfers any legal or equitable interest in the mortgaged premises to anyone else (however one spousal transfer is allowable as well as heirs are not required to immediately repay the loan if the business stays in existence) or if insurance coverage lapses.
6. Collateral: Collateral requirements shall be determined on an individual basis by the Committee and may include: mortgages on land and buildings, liens on equipment, accounts receivable and inventory; guarantees from, or liens on the assets of, affiliated businesses; assignments of leases and rents; and assignments of key-person life insurance naming the City as a beneficiary. This collateral may be subordinated to private sector financial institutions, if required. Unlimited personal guarantees from the principals of the business may be required, when appropriate.

SECTION 5. APPLICATION PROCEDURES

5.1 DISCUSSION OF REQUIREMENTS

Prior to submitting an application, the applicant shall discuss the program with the City Administrator and/or Zoning Administrator. The City Administrator and/or Zoning Administrator shall assist the applicant, as is reasonably necessary, in completing the application. All financial information should be kept in a secured place with limited access by authorized personnel only.

5.2 TIMING

Applications may be submitted at any time during the calendar year.

5.3 PRIORITY

Applications shall be reviewed in the order received and based on readiness for the proposed project to proceed. In the event that loan funds requested exceed available funds, the following criteria will be used to determine which business(es) will be awarded the loan(s):

- (1) Eligibility of the applicant.
- (2) Eligibility of the project to be undertaken.
- (3) The extent to which private funds are to be leveraged.
- (4) The extent to which the loan can be secured.
- (5) Evidence of ability to repay the loan.
- (6) Size of the loan requested.
- (7) Timing of the proposed expenditures.
- (8) Completeness of application.
- (9) Other factors as deemed appropriate.

5.4 LOAN APPLICATION

Applicants shall submit an application using the form available from the Business Revitalization Zero-Interest Loan Program that includes the following:

- (1) Business Information. A written description of the business, including the following:
 - (a) Property owner information
 - (b) A brief history of the existing or proposed business.
 - (c) On the City's request after application is made, three years of financial history including balance sheets, profit/loss statements, cash flow statements and accountant notes.
- (2) Project Description. A description of how the business plans to use the requested funds.

- (3) Project Costs. If the project cost comes in at, or exceeds the estimate, how will private funds be readily available to applicant to cover applicants financial portion of the project.
- (4) Commitments from Private Lenders. This consists of commitments from all private lenders making loans to the project. Lender commitment letters should include:
 - (a) Description of the type of loan being made by the lender (first mortgage, permanent financing, construction financing, etc.)
 - (b) The amount of the loan, interest rate, term, and security, availability, and repayment schedule and amounts.

These commitments shall be obtained concurrently with the negotiation of the terms and conditions of the Business Revitalization Zero-Interest Loan Program loan to insure the interest of the Community are secured.

- (5) Project Timeline and Completion. The project must be completed within 120 days from official project approval. The project time frame will be broken out in two (2) separate phases.

Phase #1	Design & Bid	45 days
Phase #2	Construction	75 days

- (6) Additional Information. Additional information as may be required by the Business Revitalization Zero-Interest Loan Committee, or the City Administrator.

5.5 PROJECT APPROVAL GUIDELINES

Program oversight and authority for loan approval is delegated to the City of Brillion Community Development Committee. The Community Development Committee will review and approve all loans based on the following guidelines:

- (1) A project application will only be reviewed if it is filled out completely and accompanied by photographs illustrating building(s) and property.
- (2) Multiple property owners must submit separate applications.
- (3) Any business owner under a lease who submits an application must obtain and provide written consent of the property owner.
- (4) Preference will be given to projects which:
 - Will positively contribute to the City’s revitalization effort.
 - Will eliminate blighting influence.
 - Will result in a viable improvement that would not be made otherwise.
 - Ratio of private investment to public investment (to be determined by committee).
 - Conforms to the efforts of the RDA, when applicable.
- (5) Property/project is determined to have “no significant impact” based on an environmental review prepared by the City of Brillion.

- (6) Project must be completed within 120 days from the date of official project approval, such as indicated in 5.5 (5) project and timeline completion. The project time frame will be broken out in two (2) separate phases.

Phase #1	Design and bid	45 days
Phase #2	Construction	75 days

Requests for extensions will be considered only if made in writing and progress towards completion has been demonstrated.

SECTION 6. DISTRIBUTION OF FUNDS

6.1 LOAN PROCEDURES

Prior to releasing funds, the following documentation must be in place or provided at the appropriate time during the term of the loan.

- (1) Notice of Award. The Business Revitalization Zero-Interest Loan Committee must have reviewed and approved a complete application for an eligible applicant. Final approval is awarded by the City Council by recommendation from the Finance Committee.
- (2) Loan Agreement. The City attorney shall prepare a loan agreement, which shall be executed by the City's Chief Elected Official, Clerk and the property owner of the business.
- (3) Promissory Note. A promissory note shall be prepared by the City attorney and signed by the property owner at the time of loan closing. The note must be dated; it must reference the agreement between the City and the property; and, it must specify the amount and terms of the loan funds delivered.
- (4) Security. Mortgage or lien instruments or personal guarantees provided as security for all loans shall be prepared by the City Attorney and executed at the time of the loan closing. The City Attorney or City Administrator, shall record the instrument and place a copy in the project file to include:
 - (a) Mortgage and/or security agreement.
 - (b) UCC searches and filing.
 - (c) Guarantee agreement.
 - (d) Title insurance or Abstract.
 - (e) Assignment of Life Insurance.
 - (f) Casualty Insurance binder.
 - (g) Personal guarantee.
 - (h) Other documentation as may be appropriate.
- (5) Repayment Schedule. A loan repayment or amortization schedule shall be prepared by the Administrator after the loan proceeds are fully disbursed. The repayment schedule shall be dated and signed by both the City's Chief Elected Official and the property owner of the business property. At that time, the repayment schedule shall be attached to both parties' copies of the agreement.
- (5) Evidence of Permits, etc. Documentation must be provided by the applicant that all necessary permits, licenses, and any other registrations required have been obtained by the applicant prior to the release of program funds.

- (6) Evidence of Program Expenditures. Documentation must be provided by the business property owner to evidence program expenditures. Documentation shall include bills and invoices or receipts for materials, final bills of sale or canceled checks. All documentation shall be reviewed and approved by the City's Loan Administrator.

SECTION 7. POST APPROVAL REQUIREMENTS

7.1 OBLIGATION OF LOAN RECIPIENT

In addition to the terms and conditions of the loan, all borrowers shall agree to comply with the following:

- (1) To use the loan money only to pay for the cost of improvements on the exterior of the building property and result in a publicly visible improvement.
- (2) All improvements must be in accordance with the City of Brillion Code of Ordinances and all required permits must be obtained. Work must include the correction of any known exterior building code violations.
- (3) Work in progress or performed prior to project approval will not be eligible for funding.
- (4) The applicant must provide design drawings, material specifications, and a cost estimate for the project.
- (5) The applicant must provide evidence of additional financing to complete the project.

7.2 PROPERTY OWNER REQUIREMENTS

Upon the official approval of project, the property owner will plan an important role in a partnership that includes the City of Brillion. The building owner/applicant must provide design drawings, material specifications, and a cost estimate for the project. The applicant must also provide evidence of additional financing to complete the project. Below are items that will be required as part of application process.

- (1) A program informational meeting with the City Administrator is required to outline the entire project procedure.
- (2) Property owners **must attend** various Business Revitalization Zero-Interest Loan Committee meetings to review the project, along with the applicant and contractor (if applicable) to expedite various stages of the project.
- (3) The property owner **must sign** an Owner Satisfaction Form when the work has been done to their approval and obtain a lien waiver from the contractor upon payment and completion. Photographs of the completed project shall be provided to committee upon completion for the project file.
- (4) All work to be done on the project shall be the sole responsibility of the property owner. The City of Brillion administers the loan program herein and the City is not responsible for any work undertaken under the loan. The owner hereby holds the City harmless for any and all liability commencing out of any work paid for by the loan herein.

Note: If work is to be performed by owner, funds will only be provided for materials.

SECTION 8. PERFORMANCE MONITORING

8.1 PRIVATE LEVERAGE COMMITMENTS

The Administrator shall monitor the use of the funds and expenditure of private leverage commitments. Documentation may include invoices or receipts for materials and supplies, letters from lenders, final bills of sale, and canceled checks.

8.2 DEFAULT

In the event the business property owner is in default on any of the terms and conditions of the loan agreement, all sums due and owing, including penalties, shall, at the City's option, become immediately due and payable. To exercise this option, the City's attorney shall prepare a written notice to the business. The notice shall specify the following:

- (a) The default.
- (b) The action required to cure the default.
- (c) A date, not less than thirty (30) days from the date of the notice, by which the default must be cured to avoid foreclosure or other collective action.
- (d) Any penalties incurred as a result of the default, jobs, etc.

SECTION 9. USE OF LOAN REPAYMENTS AND REPORTING

9.1 ZERO INTEREST LOAN PROGRAM

Repaid loans shall be re-deposited into the Business Revitalization Zero Interest Loan Fund account and used in a manner consistent with the policies and procedures identified in the program manual. A separate accounting record for each loan shall be kept to account for all funds loaned. The Business Revitalization Zero Interest Loan account shall be audited on an annual basis and the City Administrator shall provide annual reports to City Council by June 30, regarding the use of program income.

SECTION 10. LOAN SERVICING

10.1 MONITORING

The Administrator shall monitor each loan to ensure compliance with the loan terms and conditions and to monitor the financial health of the business property to insure repayment of the loan.

A loan servicing file shall be established and maintained for each loan recipient that includes all written correspondence; a record of important telephone conversations; a list of applicable loan covenants; certificates of insurance for builder's risk, property-casualty, as applicable .