

REVOLVING LOAN FUND
COMMERCIAL BUILDING REHABILITATION
LOAN FUND FACT SHEET

Name of City Agency: Office of Development & Planning
111 Union Street
New London, CT 06320
(860) 437-6309 (tel)
(860) 437-4467 (fax)

Funding Program: City of New London, Revolving Loan Fund Program
Commercial Building Rehabilitation Loan Fund

Description: Special Revolving Loan Fund Program designed to renovate and rehabilitate commercial and/or mixed use commercial and residential properties located within the City of New London's Enterprise Zone area. Renovations must result in usable commercial space.

Program Effective Date: Pilot program. Contact program Coordinator for information.

Terms:

Minimum Total Project Cost: \$75,000

Loans From: \$10,000 to \$50,000. Minimum \$1 to 1\$ match required

Interest Rate/Term: 4% - 6%
Maximum 6 years

Required Collateral: Real Estate

Eligible Activities:

- ◆ Rehabilitation of commercial and mixed-use property
- ◆ Leasehold improvements

Ineligible Activities:

- ◆ Acquisition of commercial property
- ◆ Acquisition of machinery or equipment
- ◆ Working Capital
- ◆ Refinancing of existing debt
- ◆ Improvements completed prior to loan approval
- ◆ Real Estate Speculation

Application Fee: \$50

How To Apply: Contact: Ned Hammond
Economic Development Coordinator
Office of Development & Planning
(860) 437-6309
nhammond@ci.new-london.ct.us

NOTE: Program is subject to change. Contact coordinator for up to date details.

**CITY OF NEW LONDON
REVOLVING LOAN FUND PROGRAM/
COMMERCIAL AND MIXED USE BUILDING REHABILITATION
PROGRAM**

Contact Person: Ned Hammond
Economic Development Coordinator
Office of Development and Planning
111 Union Street
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The Revolving Loan Fund Committee established the Commercial and Mixed Use Building Rehabilitation Program to provide financial assistance to owners of commercial properties located within the City of New London's Enterprise Zone who plan substantial building renovations. An objective of the program is to create useable commercial space and/or residential units in mixed use buildings, and to stimulate business growth in the target area by providing short-term low interest loans.

I. PURPOSE AND CRITERIA FOR APPROVAL:

The Revolving Loan Fund Committee has established a list of **seven criteria** that will guide the Revolving Loan Fund Committee in its review of loan applications. These criteria are not listed in order of importance and are as follows:

- 1) The property to be rehabilitated must be located within the existing New London Enterprise Zone.
- 2) Priority will be extended to those applicants who demonstrate that at least \$75,000 of rehabilitation funds will be expended within the first six months of the project. Consideration will be granted to projects completed in phases up to a maximum of two years.
- 3) A minimum of 50% of the loan funds must be used to rehabilitate or renovate existing usable commercial space; or, in lieu of this a minimum of 50% of the loan funds can be used to create usable commercial or residential space in space that has been vacant or underutilized for at least

one year. The balance of the loan funds must be used for exterior or interior building renovations or rehabilitation.

- 4) Priority will be extended to projects that result in a new business locating within the project space upon completion of the project. Consideration will be given to projects that create user ready space.
- 5) Priority will be extended to those projects that rehabilitate the entire property, building exterior and interior and grounds.
- 6) Priority will be extended to projects demonstrating that all exterior renovations are consistent with the guidelines found in the Downtown Design Guidebook, the Secretary of the Interior's Standards for Rehabilitating Historic Buildings, and the New London Zoning Regulations.
- 7) Priority based on security offered and repayment strength.

It is the goal of the City and the Revolving Loan Fund Committee, if feasible, to work with the local banking community to leverage these funds with private sources of capital. After review and acceptance of such proposal by the Revolving Loan Fund Committee, the applicant may request that their proposal be forwarded to the member banks for consideration and review by their own commercial review committee for additional project funding.

Additionally, it is the goal of the program committee to remain as flexible as possible in working with the individual needs of the applicant in terms of interest rates, payback period, eligibility, collateral, size of loan, etc., but keeping in mind the priorities established above.

II. TERMS:

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| A. Minimum total project cost: | \$75,000 |
| B.: Loan range: | \$10,000 to \$50,000 |
| C. Interest rate/term: | 3% to 6% for a 3-6 year term |
| D. Required collateral: | Real estate or other acceptable collateral |

III. ELIGIBLE ACTIVITIES:

- A. Rehabilitation of commercial property (materials and/or labor)
- B. Construction of residential units in mixed use buildings
- C. Leasehold improvements.

IV. INELIGIBLE ACTIVITIES:

- A. Acquisition of commercial property.
- B. Acquisition of machinery and equipment.
- C. Working capital
- D. Refinancing of existing debt
- E. Improvements completed prior to loan approval
- F. Real Estate Speculation

V. APPLICANT ELIGIBILITY:

- A. Applicants may be individual owners, tenants, partnerships or corporations.
- B. The commercial property to be improved or used for business purposes must be within the City of New London's Enterprise Zone.
- C. Applicants who are not property owners must have a lease equal to or greater than the term of the loan and furnish proof thereof.
- D. No individual, corporation, etc. may have a concurrent interest in more than one project that is receiving assistance through this program.
- E. No property shall be improved with City of New London Revolving Loan Fund if it has previously (or is currently) been repaired, improved or assisted in any way with financial aid from the City of New London (except from Facade Improvement Programs and from the Enterprise Zone tax abatement program). Under exceptional circumstances this requirement may be waived. This provision applies to business tenants as well as property owners.
- F. Project properties must have all real and personal taxes paid to date and all taxes of business owners located in or locating to the property must be paid to date. Additionally, all water and sewer bills must be paid in full.
- G. The applicant must not to be involved in litigation brought by the City of New London or against the City of New London.
- H. The applicant must demonstrate ability to repay the loan and must be able to provide security against the loan.
- I. All applications must be received prior to _____

V. **PROCEDURE:**

- A. A preliminary application is to be completed by the applicant. **An application fee of \$50.00 is required.** Checks made payable to the City of New London.
- B. This preliminary application will be reviewed by the Loan Coordinator.
- C. If preliminarily approved, the applicant will be requested to complete the detailed financial background questionnaire and information package (Exhibits A - M). **An original plus nine copies of all application materials must be submitted.** An interview may be requested to review and ask more detailed questions of the applicant.
- D. This detailed package will be reviewed by this same committee and, if accepted, this package may be forwarded to participating banks for further project funding consideration (if applicable).
- F. At the discretion of the Revolving Loan Fund Committee, a credit history will be performed on the applicant.
- E. Applicant will be funded per the agreed upon terms and conditions of the review committee, the applicant and, if applicable, the participating bank.