

CITY OF NEW LONDON  
CONNECTICUT  
OFFICE OF DEVELOPMENT & PLANNING

111 Union Street  
New London CT 06320  
(860) 437-6309  
(860) 437-4467 FAX

**CITY OF NEW LONDON REVOLVING  
LOAN FUND FACT SHEET**

Name of City Agency: Office of Development & Planning  
111 Union Street  
New London, CT 06320

Funding Program: City of New London, Revolving Loan Fund Program (RLF)

Description: Revolving Loan Fund for small and medium size businesses, located within the City of New London's Enterprise Zone area (exceptions may be made under special circumstances)

Terms:

Maximum Loan Amount: \$25,000 (may be waived under special circumstances, loan amount is not to exceed 50% of project cost)

Interest Rate: 4%-6%

Maximum Term: 6 years

Required Collateral: Real estate, personal property, or business equipment.  
Personal guarantee

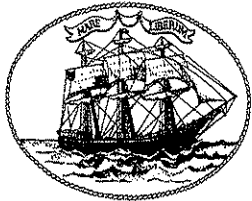
Eligible Activities:

- Working capital
- Leasehold improvements
- Acquisition of machinery or equipment

Ineligible Activities:

- Refinancing of existing debt
- Improvements completed prior to loan approval
- Real estate speculation

How To Apply: Contact: Ned Hammond  
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**CITY OF NEW LONDON  
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OFFICE OF DEVELOPMENT & PLANNING  
Revolving Loan Fund Program**

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**CITY OF NEW LONDON  
REVOLVING LOAN FUND PROGRAM**

Contact Person: Ned Hammond  
Economic Development Coordinator  
Office of Development and Planning  
111 Union Street  
New London, CT 06320  
437-6309

The current Revolving Loan Fund Program was made possible by a \$300,000 grant from the State of Connecticut, Department of Economic and Community Development and a \$33,000 contribution by the City of New London. The Revolving Loan Fund Program has been established to provide financial assistance to new or existing small and medium size businesses located in the Enterprise Zone of the City of New London. An objective of the program is to stimulate business growth in the target area by providing short term low interest loans.

**I. PURPOSE AND CRITERIA FOR APPROVAL:**

The Long Term Finance, Revolving Loan Fund, Committee together with the Department of Economic Development and Planning has established a list **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) Priority to business located or locating within the existing Enterprise Zone boundary area.
- 2) Priority to business retention.
- 3) Priority to businesses looking to locate in vacant properties.
- 4) Priority to businesses that will create jobs.
- 5) Priority to businesses which will attract large numbers of people to the downtown and Enterprise Zone areas.
- 6) Priority to businesses which are able to leverage funds from the Revolving Loan Fund with other sources of capital.
- 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. LOAN TERMS:**

- A. Maximum loan amount: \$25,000 (may be waived under special circumstances, **loan is not to exceed 50% of total project cost**)
- B. Interest rate: To be negotiated, 4%-6% has been used as a general guide
- C. Maximum term: To be negotiated, loan terms typically range between 3-6 years
- D. Required collateral: Real estate property, capital equipment, Personal Guarantee

**III. ELIGIBLE ACTIVITIES:**

- A. Acquisition of commercial property at which the business applicant is located or locating to.
- B. Leasehold improvements.
- C. Acquisition of machinery, equipment and inventory
- D. Working Capital

**IV. INELIGIBLE ACTIVITIES:**

- A. Refinancing of existing debt.
- B. Improvements completed prior to loan approval.
- C. 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 (may be waived under special circumstances).
- 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 may have a concurrent interest in more than one project which is receiving assistance through this program.
- E. No property shall be improved with City of New London Revolving Loan Fund if it has previously been repaired, improved or assisted in any way with financial aid from the City of New London (except from the Facade Improvement Program and from the Enterprise Zone tax abatement program). Under exceptional circumstances this requirement may be waived.
- F. Property in which a business is to be located must have all real and personal taxes paid to date and all taxes of the business owner 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. Applicants applying for food or beverage activities must demonstrate significant experience in the management of a food or beverage type project.
- J. For new businesses, loans will not be processed for closing until all necessary permits (zoning, building, etc.) to establish and construct the project have been issued.

**V. PROCEDURE:**

- A. A preliminary application is to be completed by the applicant.
- B. This preliminary application will be reviewed by the Loan Coordinator.
- C. If preliminary approved, the applicant will be requested to complete the detailed financial background questionnaire and information package (Exhibits A - M). 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.