

CITY OF HARTFORD
COMMUNITY DEVELOPMENT BLOCK GRANT
ECONOMIC DEVELOPMENT
REVOLVING LOAN FUND MANUAL

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SECTION 1. GENERAL PROVISIONS

1.1 PURPOSE

The purpose of the policies and procedures contained within this manual, hereafter referred to as the Economic Development Revolving Loan Fund Manual, is to present the criteria which governs the economic development activities assisted with funds made available through the City of Hartford's Economic Development Revolving Loan Fund (RLF) program.

1.2 OBJECTIVES

Economic development activities assisted with funds made available through the RLF Program are intended to meet the following objectives:

- (1) To encourage the creation and retention of permanent jobs, which provide a wage, appropriate to the skills and experience of the local labor force and that is competitive. A minimum of 51 percent of the jobs created shall be made available to low and moderate income persons.
- (2) To encourage the leveraging of new private investment into the Community in the form of fixed asset investment, particularly in land and buildings.
- (3) To perpetuate a positive and proactive business climate which encourages the retention and expansion of existing businesses and helps to attract desirable new businesses.
- (4) To maintain and promote a diverse mix of employment opportunities and to minimize seasonal or cyclical employment fluctuations.
- (5) To encourage the development and use of modern technology and create safe work environments.

1.3 AMENDMENTS and MODIFICATIONS

The Hartford Community Development Authority Board may from time to time amend the provisions imposed by the policies and procedures contained within the RLF manual and such amendments are subject to prior written approval by the Wisconsin Department of Commerce, administrator of the Wisconsin Community Development Block Grant Program (CDBG) that provides the funds used to capitalize the RLF.

SECTION 2. ADMINISTRATION

2.1 LOAN REVIEW BOARD

- (1) The City of Hartford accepts full responsibility for the appropriate administration of the economic development loan fund program, and has designated the Hartford Community Development Authority Director as RLF Administrator responsible for day-to-day administration of the program. The Hartford Community Development Authority (HCDA) Board will make funding recommendations based on the recommendations of the Economic Development Team to the Common Council who then makes the final decisions relative to loans from this fund. The Economic Development team consists of the HCDA Director, the Planning/zoning RLF Administrator, the Assistant Planner and the Deputy Finance Director.
- (2) The HCDA Board shall have the authority to review, select and recommend loan applications to the Common Council body for final approval. The Board shall also have the authority to make policy recommendations for the administration of the program. Periodic activity reports prepared by the RLF Administrator shall be provided to members of the Common Council.
- (3) The RLF Administrator shall explain the Program to prospective applicants, provide written information, assist applicants in completing applications, and process requests for financing. The RLF Administrator,

where necessary and appropriate, shall counsel or guide loan applicants to other more appropriate technical and financial resources when the loan applicant has needs beyond those available from the RLF program.

- (4) The RLF Administrator shall periodically review all financial statements and loan amortization schedules of RLF loan recipients, review and approve documentation of business expenditures financed with RLF proceeds, record RLF security instruments, maintain the RLF accounting records which shall be segregated from other community accounts, and report semi-annually to the Department of Commerce regarding the use of the RLF funds.
- (5) The City of Hartford's attorney shall review/approve as to form, all loan agreements, promissory notes and mortgage or lien instruments, and counsel the City/CDA on default matters.
- (6) The RLF Administrator shall be responsible for the maintenance of all other records for the local RLF, particularly those related to the expenditures of the RLF monies for program administration purposes.

2.2 MEETINGS

Loan review meetings shall be held on an as-needed basis normally at the regular monthly board meeting. Pursuant to Section 19.84, Wisconsin Statutes, all Board members shall be given prior notice of each meeting. A majority of the Board in attendance at a meeting constituting a quorum shall be required for official Board action. Official actions must have the support of the majority of the total Board. Vacant positions on the Board shall be counted in determining the total number of Board 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 will be maintained in a secure place with limited access by authorized personnel. The City of Hartford's legal counsel shall be consulted in regard to compliance with state and municipal open records laws.

The following files shall be established and maintained for each loan recipient:

- (1) Loan Application File: All application, business financial statements, personal financial statements, credit reports, business plan documents, and other supporting loan information submitted, including all applicable correspondence, shall be placed in a permanent file.
- (2) Loan Recommendation File: This file should contain a summary of the analysis, recommended actions for the application, and a copy of the minutes for the Board meeting summarizing the action taken on the loan request.
- (3) Loan Closing File: This file contains copies of all loan-closing documents. This file contains all the original legal documents from the loan closing, including security instruments, the note and other applicable correspondence and shall be placed in a locked, fireproof safe. The City's attorney should be involved in helping create and complete this file to ensure complete loan documentation. Copies of the loan closing documents and an amortization schedule will be provided to the loan recipient, along with an invoice, if applicable, for loan closing and servicing fees. Copies of all documents will also be kept in the loan file.
- (4) "Tickler File" System: A tickler file system will be established and maintained to ensure that loan repayments, financial information, the loan agreement, UCC updates, and other time sensitive documentation requirements are tracked and obtained as required. The system may include the following monthly coded index files (as needed):
 - 1) Expiration dates for property, casualty and life insurance policies;

- 2) Due dates for all financial statements;
 - 3) Expiration dates for UCC financing statements, the reminder to update being at least 45 days prior to the expiration of the UCC filing on hand;
 - 4) Scheduled dates of annual loan performance and covenant reviews;
 - 5) Dates for site visits;
 - 6) Due dates for property tax payments and dates by which the community expects to hear from the borrower regarding confirmation of payment of taxes;
 - 7) Review dates for job monitoring; and
 - 8) Dates on which loan recipients will be notified of scheduled changes in the loan amortization schedule per loan agreements.
- (5) Financial Statement File: This file will contain the business' periodic financial statements as required by the loan covenants with a statement indicating that the RLF Administrator reviewed the data.
 - (6) Progress Report File: Loan recipients should be required to submit periodic progress reports during the outstanding term of the loan. A member of the Economic Development team will make periodic site visits to verify information in the progress report and financial statements. These site visits will be documented for the file.
 - (7) Site Visit File. Site visits should be conducted periodically to each loan recipient, the scheduling of which depends on the nature of the project. A summary of the site visits should be placed in the file, particularly highlighting any information that can help in rating the overall condition/risk of the loan.
 - (8) Repayment Monitoring File: This file will include the loan amortization schedule, status of payments, and the outstanding balance of the loan. Observations suggesting concerns or problems will be reported to the HCDA Board (and Common Council as appropriate) and notations shall be placed in the tickler file to remind the RLF Administrator of the need to provide continued monitoring.

The RLF Administrator will notify the loan recipient verbally or in writing of the deficiency and the action that will be taken should a payment not be made as agreed. Should there be a late payment, the RLF Administrator will contact the loan recipient to determine the reason for the delayed payment. Contact may need to be made with other participating lender(s) to determine if their loans are current and to alert the lender of a potential problem. All payments shall be applied first to accrued late payment penalties, then to interest accrued and then to principal.

- (9) Loan Review File: All loans are to be reviewed on an annual basis, and at such other times as may be deemed necessary by the City. The review should follow receipt of the fiscal year-end financial statements, the year-end progress reports, and site visits. A report on the loan review shall be in the file and address the following: timeliness of monthly payments; condition of collateral securing the loan and status of security documents (i.e. mortgages, UCC filings); overall financial condition of the business; the presence of material liens or lawsuits; and violations of loan covenants and suggested corrective actions.

If the business is experiencing problems with any of the above criteria, the RLF Administrator is to work with the loan recipient to identify actions that are needed to correct the identified deficiencies, including possible restructuring of the loan to protect the City's interest and meet the

needs of the business. If appropriate, the RLF Administrator will arrange for business assistance, including services available through the University of Wisconsin-Extension, Small Business Development Center (SBDC), the Service Corp of Retired Executives (SCORE), and other entities having an interest in serving the needs of businesses.

In the event the findings of the loan review suggest serious problems, particularly if the loan is at risk for default, the account should be turned over to the City attorney for legal action in order to initiate steps necessary to protect the loan and to ensure the maximum repayment of the balance due. Again, corrective actions may be achieved through restructuring or if necessary, foreclosure actions.

2.4 ADMINISTRATION

Reasonable administrative funds may be withdrawn from the RLF to cover personnel costs and other administrative expenses. Local funds may be used in situations when loan repayments are insufficient to cover administrative costs. Administrative expenses of fifteen (15) percent of program income may be used for direct loan administrative costs. In addition to paying costs for a RLF Administrator, these funds may be used for the following:

- (1) Legal costs.
- (2) Consulting fees for credit analysis, business plan reviews and technical assistance.
- (3) Office supplies, copying, typing, mailing, and related.
- (4) Training costs.

2.5 FEES

- (1) Loan Application Fee: The HCDA will require a loan application fee of one-tenth of one percent of the total project cost.
- (2) Loan Origination Fee: The HCDA will require a loan origination fee equal to one percent of the loan amount plus payment of the HCDA's attorney fees for the economic development loan fund loan review and closing.
- (3) The loan fees may be added to the principal amount of the loan and paid with loan fund monies. The loan fees, will be identified as program income and deposited in the economic development loan fund account. These funds will then be used to pay for administrative costs associated with the RLF program.
- (4) Applicants will be required to pay professional fees related to the loan including but not limited to: Attorney, recording, credit history, appraisal and title work. These fees will be estimated at \$300 for Attorney, \$50 for recording, \$15 for credit history, and \$100 for title work. Actual appraisal cost and estimated fees can be added to the loan amount at the discretion of the Community Development Authority Board.

SECTION 3. ELIGIBILITY CONSIDERATIONS

3.1 ELIGIBLE AREA

The area served by the RLF program shall generally be within the corporate limits of the City of Hartford. Loan applicants in an area subject to a recorded annexation covenant for the City of Hartford may also be considered.

3.2 ELIGIBLE APPLICANTS

- (1) Applications may be submitted by the sole proprietor or Chief Executive Officer of any business wishing to establish a new operation or expand an existing operation in the City.
- (2) No member of the governing body, loan review board, 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, national origin, marital status, familial status or lawful source of income.

3.3 ELIGIBLE ACTIVITIES

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

- (1) The acquisition of land, buildings, and fixed equipment (Note machinery and equipment must have a depreciable life of at least 7 years.)
- (2) Site preparation and the construction or reconstruction of buildings or the installation of fixed equipment.
- (3) Clearance, demolition, or the removal of structures or the rehabilitation of buildings and other such improvements.
- (4) The payment of assessments for sewer, water, street, and other public utilities if the provision of the facilities will directly create or retain jobs.
- (5) Working capital (inventory and direct labor costs only).
- (6) Leasehold improvements, where the lease period is for the term of the economic development loan fund loan or five years, whichever is less
- (7) Buyouts by purchase of assets or stock (only in cases where it is necessary to ensure job retention).
- (8) Loan guarantees under limited circumstances, if the City Administrator determines revolving loan funds are available for this purpose.
- (9) Loans to perform improvements to commercial space necessary to achieve commercial building code compliance in buildings constructed prior to 1940 to protect the health and safety of downtown merchants, residents and customers.

3.4 INELIGIBLE ACTIVITIES

Program loans shall not be available for the following activities:

- (1) Refinancing or consolidating of existing debt.
- (2) Reimbursement for expenditures prior to loan approval.
- (3) Specialized equipment that is not essential to the business operation.

- (4) Residential building construction or reconstruction (unless such reconstruction is intended to convert the building to a business or industrial operation).
- (5) Routine maintenance.
- (6) Professional services such as feasibility and marketing studies, accounting, management services, and other similar services. Legal fees incurred in the closing of a RLF loan are eligible loan activities.
- (7) Other activities that the Board may identify during the administration of the program.

3.5 INELIGIBLE BUSINESSES

Program loans shall not be available for the following businesses:

- (1) Speculative investment companies.
- (2) Real estate investment companies.
- (3) Lending institutions.
- (4) Gambling operations.
- (5) Non-public recreation facilities.
- (6) Other businesses not serving the interest's of the City.

3.6 MINIMUM REQUIREMENTS

To be eligible for funding, a proposed project must meet all of the following minimum requirements:

- (1) Private Funds Leveraged. The applicant must leverage a minimum of one dollar (\$1.00) of private funds for every one dollar (\$1.00) of loan funds requested. Higher leverage may be required at the discretion of the Board.
- (2) Cost Per Job Created or Retained. At least one (1) full-time permanent position or full-time equivalent must be created or retained for every \$20,000 of program funds requested. (Full time equivalent is defined as those working seventy hours or more in a two week payroll period.)
- (3) Financial Feasibility and Business Viability. The applicant must demonstrate that the proposed project is viable and the business will have the economic ability to repay the funds.
- (4) Low and Moderate Income (LMI) Benefits. The project shall provide increased permanent employment or will retain existing jobs, which would have been lost locally. Of the jobs created or retained by the project, at least 51 percent of these jobs must be made available to low to moderate income persons, (at or below 80% of the CMI as defined by household incomes published by the U.S. Housing and Urban Development).
- (5) Compliance with Applicable Laws. Applicants shall comply with all applicable local, state, and federal laws and codes.
- (6) Project Completion. Projects shall be completed within 24 months from the date of the loan approval. Applicants shall provide the City a project implementation schedule not exceeding 24 months for project completion and job creation, and maintain the positions created for 24 months.

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. Loan amounts are subject to the availability of program funds.
- (2) Interest Rate. The rate of interest may range from a minimum of 4 percent to a maximum of “market” rate (defined as the prime rate of interest – obtained from St. Francis Bank of Hartford plus 2 percent). However, any reduction in the interest below the market rate will only be provided if the profitability is below the industry average as evidenced by the applicant’s financial projections. At such time as the protected profitability exceeds the industry average, the interest rate will increase to the market rate for the balance of the loan term.
- (3) Terms for Loans.
 - (a) Working capital loans (for inventory & direct labor only) shall have a maximum term of 2 (two) years. At a minimum, interest will be payable during the first year. The applicant may ask for the note to be renewed on an annual basis.
 - (b) Loans for machinery, equipment and fixtures shall have a maximum term of ten years.
 - (c) Real estate loans shall have a maximum term of 20 years.
 - (d) In any case, the loan shall not have a term longer than the terms of the other private financing in the project.
- (4) Period of Payment. Terms may include longer amortization schedules with balloon payments. Amortization schedules shall be set up for monthly payments.
- (5) Repayment. Payment of interest and/or principal may be deferred during the implementation period of the assisted activity if merited in the loan application. Interest shall accrue during the deferment period and may be paid in full or added to the principal amount of the loan. Following the deferral period, interest and principal shall be paid for the remaining term of the loan.
- (6) Prepayment. There shall be no prepayment penalties.
- (7) Collateral. The City will seek to have the best possible collateral position possible to ensure that RLF loans are adequately secured. Inventory may not be used as collateral.

SECTION 5. APPLICATION PROCEDURES

5.1 DISCUSSION OF REQUIREMENTS

Prior to submitting an application, the applicant shall discuss the program and the loan request with the RLF Administrator and/or the City Planning Director. The RLF 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. All applications with supporting documents must be submitted at least 30 days prior to scheduling a meeting. Applications may be postponed to a subsequent meeting depending on the complexity of the proposal and availability of the Economic Development team staff.

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 applicants.
- (2) Eligibility of the project to be undertaken.
- (3) The extent to which private funds are to be leveraged.
- (4) The extent to which jobs are to be created, and the type of jobs and wages.
- (5) The extent to which the loan can be secured.
- (6) Evidence of ability to repay the loan.
- (7) Size of the loan requested.
- (8) Timing of the proposed expenditures.
- (9) Completeness of application.
- (10) Other factors as deemed appropriate by the Economic Development Team.

5.4 LOAN APPLICATION

Applicants shall submit an application to the RLF Administrator using the form attached and include the following:

- (1) Business Description. A written description of the business, including the following:
 - (a) A brief history of the existing or proposed business, including when it started or is to start, type of operation, legal structure, markets, and products.
 - (b) Key customers and clients.
 - (c) A personal resume of each principal associated with the business, including: number of years of experience in the business or related field; relevant educational employment background; and role in the proposed or existing business.
 - (d) Three years (or actual if less than 3 years in business) 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) 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 RLF Program loan to insure the interest of the City is secured.

- (4) Projections. Provide proformas (a balance sheet & income statement and cash flow statement). These should cover a three-year period and should be based on the assumption that the business will receive the requested loan.
- (5) Additional Information. Additional information as may be required by the HCDA Board, or the RLF Administrator on behalf of the Economic Development Team.

5.5 REVIEW PROCESS

Specific steps in the review process include the following:

- (1) Preliminary Review. The RLF Administrator will review the application for completeness and verify that the proposed project meets the minimum requirements provided in Section 3.6. If the application is not complete, the RLF Administrator will inform the applicant of the deficiencies.
- (2) Formal Review. The Economic Development Team will meet with the applicant 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 found to be acceptable for funding, a recommendation is made to the HCDA Board, who may recommend its approval to the Common Council or reject or table it, as they deem appropriate.
- (3) Notice of Award. If the application is approved, a closing will be scheduled to execute the necessary loan documents.
- (4) Rejection of Award. If the application is not approved, the RLF 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.

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 Economic Development Team must have reviewed and approved a complete application for an eligible applicant. The HCDA Board must have reviewed the proposal and the recommendation of the Economic Development Team and received Common Council Approval of the loan. Applicants should not assume approval of Economic Development loans nor should closing on other financing for the business be scheduled assuming approval by a date certain, until and unless the applicant is so advised in writing by the Economic Development Team.
- (2) Loan Agreement. The City attorney shall review the loan agreement, prepared by the RLF Administrator or City Planning Director, which shall be executed by the Mayor, City Clerk and the Chief Executive Officer(s) of the business.
- (3) Promissory Note. A promissory note shall be prepared for review by the City attorney and signed by the loan recipient at the time of loan closing. The note must be dated; it must reference the agreement

between the City of Hartford and the business; 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 for review by the City attorney and executed at the time of the loan closing. The RLF 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 RLF Administrator after the loan proceeds are fully disbursed.
- (6) 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.
- (7) Evidence of Program Expenditures. Documentation must be provided by the business to evidence program expenditures immediately after, prior to the release of funds if applicable. 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 RLF Administrator. The RLF Administrator shall verify the installation of fixed equipment.
- (8) Other Documentation. As appropriate or necessary, the borrower may be asked to provide the following:
 - (a) A certificate of status from the Department of Financial Institutions.
 - (b) The Articles of Incorporation and by-laws.
 - (c) A Corporate resolution to borrow funds and Secretary's certificate.
 - (d) Current financial statements.
 - (e) Evidence of having secured other funds necessary for the project.
 - (f) An Environmental Assessment for real estate loans which may either be a Phase I, II, or III analysis, depending on the environmental condition of the site.

With the necessary documentation in place, the RLF Administrator will schedule a loan closing. All documents will be executed before funds are disbursed, and mortgages and UCC Statements shall be recorded with the Register of Deeds and the Secretary of State.

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) The creation or retention of the agreed upon number of jobs within 24 months of the date of the execution of the loan agreement with the City. All jobs created or retained must be maintained for a minimum of 12 months.
- (2) Not to discriminate on the basis of age, race, religion, color, handicap, sex, physical condition, development disability as defined in s. 51.01(5), sexual orientation, national origin, marital status, familial status or lawful source of income in any employment or construction activity related to the use of the business loan funds.
- (3) To use the loan money only to pay the cost of services and materials necessary to complete the project or activity for which the loan funds were awarded.
- (4) To permit inspections by persons authorized by the City of all projects and properties assisted with loan funds. Related project materials shall also be open to inspections, which include, but may not be limited to, contracts, materials, equipment, payrolls, and conditions of employment. Requests for inspection shall be complied with by the borrower.
- (5) To maintain records on the project as may be requested by the City. These files shall be maintained as long as the loan is active or for at least three (3) years after completion of the work for which the loan has been obtained, whichever is longer.
- (6) To submit periodic progress reports to the RLF Administrator as requested and in accordance with the schedule in the loan agreement. These reports shall report on project progress including number of jobs created or retained during the loan agreement.
- (7) To maintain fire and extended coverage insurance on the project property required during the term of the loan. The City shall be listed as Loss Payee, Mortgagee, or "additional" insured on the policy. Term life insurance may be required of the applicant to cover the loan balance through the life of the loan.
- (8) To abide by all federal laws, when applicable. These include, but may not be limited to: The Civil Rights Act of 1964; the Age Discrimination Act of 1975; the Davis-Bacon Act, as amended; the Contract Work Hours and Safety Standards Act; the Copeland "Anti-Kickback" Act; and, all regulations pursuant to these Acts.
- (9) Prior to disbursement of funds and annually thereafter, provide the City with proof property taxes have been paid on all property of the Borrower(s) that the City has a lien on. Borrower(s) will also provide proof that personal property taxes, personal and business income taxes have been paid upon request.

SECTION 8. PERFORMANCE MONITORING

8.1 PRIVATE LEVERAGE COMMITMENTS

The RLF 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 HIRING OF NEW EMPLOYEES

The RLF Administrator shall monitor the borrower's progress in meeting agreed upon job creation or retention goals. Job creation must be documented using payroll records. Before-project and after-project payroll records should be provided by the borrower to document job creation. Failure of the business to provide the targeted number of LMI level jobs may be a condition for default unless the business can show it made a good faith effort to create the targeted number of LMI jobs but did not succeed due to reasons beyond its control.

8.3 DEFAULT

In the event the business 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 RLF PROGRAM

Repaid loans shall be re-deposited into the Revolving Loan Fund account and used in a manner consistent with the policies and procedures manual. A separate accounting record for each loan shall be kept to account for all funds loaned. The RLF account shall be audited on an annual basis and the RLF Administrator shall provide semi-annual reports to the Wisconsin Department of Commerce, June 30 and December 31, regarding the use of program income. Reports shall be submitted on forms prescribed by the Wisconsin Department of Commerce.

SECTION 10. LOAN SERVICING

10.1 MONITORING

The RLF Administrator shall monitor each loan to ensure compliance with the loan terms and conditions and to monitor the financial health of the business to insure continued repayment of the loan. The monitoring will also ensure that all recordkeeping requirements are met particularly in regard to job creation and expenditures of matching funds.

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, and life insurance, as applicable; and documentation for job creation and retention including low and moderate income certifications forms.

10.2 RECORDKEEPING

In addition to the above, the RLF financial management records must be comprehensive and designed to provide the following information:

- (a) A Revolving Loan Fund Register that records all deposits and disbursements to and from the RLF, including funds used for RLF administration.

- (b) A Loan Repayment Register that records repayments made by each business which has received a loan from the RLF. It also tracks the balance of repayments from all loans from the RLF.
- (c) A Collection Register for every loan made. Each register contains the business name, loan date, loan amount, terms, and date repayment begins. Payments are divided into principal and interest payments with a declining principal balance.
- (d) RLF Loan Repayment Registers that record repayments made by each business, which has received a loan from RLF. It also tracks the balance of repayments from all loans from the RLF.

ATTACHMENT A

1. Business Name: _____

Address: _____

Contact Person: _____

Telephone No. _____

2. Brief Project Description: _____

3.

Source and Use of Funds	Loan Fund Financing	Debt Financing	Equity Financing	Total
a) Land Purchase	\$	\$	\$	\$
b) Building Purchase	\$	\$	\$	\$
c) Building Construction	\$	\$	\$	\$
d) Building Renovation	\$	\$	\$	\$
e) Machinery & Equip	\$	\$	\$	\$
f) Working Capital	\$	\$	\$	\$

TOTAL PROJECT COSTS	\$	\$	\$	\$
---------------------	----	----	----	----

4. Loan Fund Assistance Requested

- a) Loan Amount..... \$ _____
- b) Interest Rate (percent)..... \$ _____
- c) Loan Term (years)..... \$ _____

5. Source of Private Debt Financing

Name: _____

Address: _____

Contact Person: _____

Telephone No.: _____

6. Job Creation and Retention

	<u>New Jobs</u>		<u>Retained Jobs</u>	
	<u>Number</u>	<u>Pay Range</u>	<u>Number</u>	<u>Pay Range</u>
Full-time Jobs-----	_____	\$ _____	_____	\$ _____
Part-time Jobs-----	_____	\$ _____	_____	\$ _____
TOTAL JOBS----	_____			

7. Date Project Will Begin: _____

I hereby certify that the information provided above and in the attached supporting documentation is to the best of my knowledge true and correct.

Applicant Signature

Date

For additional information about the City of Hartford Economic Development Loan Fund program, please contact the RLF Administrator at (262) 670-3770.

Please submit the loan fund application and supporting documentation to:
Hartford Community Development Authority
RLF Administrator
109 N. Main St.
Hartford, WI 53027

ATTACHMENT B

WISCONSIN DEVELOPMENT FUND
INCOME LIMITS
HARTFORD, WISCONSIN

Household Size	Household Income
1 Person	\$39,850.00
2 Persons	\$45,550.00
3 Persons	\$51,250.00
4 Persons	\$59,900.00
5 Persons	\$61,500.00
6 Persons	\$66,050.00
7 Persons	\$70,600.00
8 Persons or more	\$75,150.00

NOTE: This income schedule will be updated annually.
Effective 5/2010

LOAN CLOSING DOCUMENTATION CHECKLIST

	Date Requested	Date Received	If Recording Required:		Not Applicable
			Date Recorded	Date Returned	
FOUNDATION DOCUMENTATION					
Financial Statements	_____	_____	_____	_____	_____
Certificate of Corporate Good Standing from Sec. of State	_____	_____	_____	_____	_____
Loan Commitment Letter	_____	_____	_____	_____	_____
Loan Agreement	_____	_____	_____	_____	_____
Borrowing Resolution or Agreement	_____	_____	_____	_____	_____
Certified Copy of Resolution Authorizing Actions Taken	_____	_____	_____	_____	_____
Sole Ownership Affidavit	_____	_____	_____	_____	_____
Other	_____	_____	_____	_____	_____
GUARANTEES/DEBT SUBORDINATION					
Unlimited, Limited, or Specific Guarantee	_____	_____	_____	_____	_____
Spousal Consent	_____	_____	_____	_____	_____
Debt Subordination	_____	_____	_____	_____	_____
Authorizing Resolution or Agreement	_____	_____	_____	_____	_____
Other	_____	_____	_____	_____	_____
POSSESSORY COLLATERAL INCLUDING LIFE INSURANCE					
Possession of Policy	_____	_____	_____	_____	_____
Assignment of Policy as Collateral	_____	_____	_____	_____	_____
Transmittal Letter and Request for Acknowledgement and Policy Information	_____	_____	_____	_____	_____
Other	_____	_____	_____	_____	_____
NONPOSSESSORY COLLATERAL					
Release of Prior Lender Filings	_____	_____	_____	_____	_____
Security Interest Subordination Agreement	_____	_____	_____	_____	_____
Business Chattel Security Agreement	_____	_____	_____	_____	_____
Selective Business Security Agreement	_____	_____	_____	_____	_____
Financing Statement	_____	_____	_____	_____	_____
Financing Statement Fixtures - Real Estate Records	_____	_____	_____	_____	_____
Motor Vehicle Perfection	_____	_____	_____	_____	_____
Insurance Binder on Collateral	_____	_____	_____	_____	_____
Other	_____	_____	_____	_____	_____
REAL ESTATE					
Survey	_____	_____	_____	_____	_____
Appraisal	_____	_____	_____	_____	_____
Casualty Insurance Binder	_____	_____	_____	_____	_____
Title Insurance Binder	_____	_____	_____	_____	_____
Title Insurance Policy	_____	_____	_____	_____	_____
Title Opinion Based on Abstract	_____	_____	_____	_____	_____
Check of Legal Description on Survey Against Deed Against	_____	_____	_____	_____	_____
Mortgage Against Title Insurance Binder	_____	_____	_____	_____	_____
Environmental Audit	_____	_____	_____	_____	_____
Mortgage	_____	_____	_____	_____	_____
Business Real Estate Security Agreement	_____	_____	_____	_____	_____
Flood Plain Certificate	_____	_____	_____	_____	_____
Flood Plain Notice	_____	_____	_____	_____	_____
Real Estate Mortgage Subordination Agreement	_____	_____	_____	_____	_____
Other	_____	_____	_____	_____	_____
NOTE DISBURSEMENTS					
Business Note	_____	_____	_____	_____	_____
Statement	_____	_____	_____	_____	_____
Other	_____	_____	_____	_____	_____

