

PORT WASHINGTON Business Development LOAN POOL PROGRAM

PARTICIPATING PARTNERS

City of Port Washington
Port Washington Chamber of Commerce
Port Washington Main Street
Port Washington State Bank

DESCRIPTION

A loan fund designed to provide low cost loans for start-up costs for new businesses or firms and expansion costs for existing businesses located in the Port Washington Main Street District and as members of the Port Washington Chamber of Commerce.

ELIGIBLE ACTIVITIES

- Redevelopment of existing buildings and vacant facilities
- Costs associated with environmental/safety/or building code compliance or development
- Land or building purchase
- Equipment purchase
- Leasehold (non-residential - for business only) improvements

INELIGIBLE ACTIVITIES

- Refinancing of existing debts
- Improvements completed prior to loan approval
- Payment of taxes
- Working capital including purchase of inventory

APPLICATION PROCESS

Port Washington Main Street, (262) 268-1132, or Lisa Crivello, Executive Director, Port Washington Chamber of Commerce, (262)284-0900, PWCC@sbcglobal.net.

I. Introduction

Port Washington State Bank will to establish a loan pool to encourage business development and revitalization in the City of Port Washington. The loan proceeds will be utilized to fund a wide variety of commercial projects ranging from assisting new businesses locating downtown with start up costs to helping existing businesses with renovations or expansion plans. The loans will carry below market rates and favorable terms. The program is designed to encourage new investment in commercial property owners and/or tenants.

II. Program Description

The PORT WASHINGTON BUSINESS DEVELOPMENT LOAN POOL PROGRAM (PWBDLP) is a pool of money made available by Port Washington State Bank for the purpose of making loans to achieve economic benefits. The minimum loan amount shall

not be less than \$5,000 and the maximum loan shall not be greater than \$50,000 subject to the availability of funds in the loan pool.

Economic benefits are defined as:

- Business development including the start-up or expansion of locally owned businesses; or
- business and job retention; or
- Redevelopment of blighted land and vacant facilities for a building where the commercial use is the primary use; or
- Modernization and rehabilitation of existing commercial business or a mixed use building where the commercial use is the primary use, or
- Support for the use of new technologies growth industries and/or high tech firms.

In general, lending policies and financing techniques will include but are not limited to:

- Providing below market interest rates;
- Providing primary financing for expansion or rehabilitation of a commercial business space;
- Providing a source of matching funds for the Port Main Street Facade Grant Program;
- Providing longer term loans than are traditionally available for a particular type of financing, and
- Reducing the risk for participating commercial lenders by providing subordinate financing.

III. Eligibility Requirements

Eligible PWBDLP projects must meet the following basic program eligibility requirements:

A. Eligible Areas

Eligible projects must be located in the Port Main Street District or a member of the Port Washington Chamber of Commerce

B. Eligible Applicants

In order to be eligible for the program, an applicant and the proposed project must meet the following minimum criteria:

1. The applicant must own or have a legal option to purchase the subject property or have a lease or a signed agreement to lease that is equal to or greater than the terms of the loan. Proof of such ownership, lease agreement, and the length of the lease agreement must be furnished;
2. The applicant must demonstrate to the PWBDLP Committee “the Committee” (a four member committee consisting of Port Main Street Board Member, Port Washington Chamber of Commerce Executive Director, a member of the Port Main Street Business Development Committee and a representative of the Port State Bank) that there are adequate resources available to complete the project and create an

economic benefit as identified in Section II. This will include, for gap financing purposes, proof of a commitment for primary financing along with the necessary equity required by the primary lender. A current business plan must be submitted as part of the application process. If PWBDLP funds are sought as primary financing the applicant will need to supply the Committee with an equity requirement to be determined, a current business plan, and any other information deemed applicable;

3. For property owners applying directly for PWBDLP funds, the taxes on the subject property must be up to date prior to the final approval of the Committee and remain current for the length of the term of the loan;
4. If PWBDLP funds are to be used for construction purposes, the construction plans and specifications must indicate that the property will be substantially improved and all reasonably usable space within the structure will be returned to a state of utility through the proposed repair or alteration. The plans must also receive approval from the applicable review bodies, such as the Port Main Street Design Committee, the Port Washington Design Review Board and the Plan Commission;
5. The applicant and guarantors, if applicable, will have no concurrent interest in any other project receiving assistance through the program; and,
6. The applicant cannot have participated in PWBDLP prior to this application.
7. The applicant and guarantors, if applicable, must have a satisfactory credit history or provide evidence that satisfies a sub-satisfactory credit history.

C. Eligible Loan Activities

1. Eligible loan activities are limited to the acquisition and/or the improvement of land/buildings, facilities and equipment including new construction or renovation, demolition and site preparation, and use as matching funds for the Port Main Street Facade Grant Program.

D. Ineligible Loan Activities

1. Loans for the purpose of investing in an interest bearing account(s), certificates of deposits or other investments not related to job retention are prohibited;
2. Loans for the purpose of speculative activities, i.e. land banking;

3. Loans for the purpose of purchasing financial equity in private businesses;
4. Loans for the purpose of subsidizing interest payments on existing loans;
5. Loans for the purpose of refinancing loans made by other lenders, and
6. Loans for the purpose of the payment of delinquent property taxes.

IV. Loan Review Criteria

In general, the Committee will consider the following priorities and conditions when reviewing an application for financing:

1. Priority to businesses looking to locate in vacant properties and will fill a vacant tenant space;
2. Priority based on the amount of job retention or new job creation such as direct new job creation/retention through capitalization of start-ups, expansion or retention of businesses and/or high tech or diversification efforts involving new product creation or a highly skilled work force;
3. Priority to business which will attract large numbers of people to the community, and
4. Priority based on security and loan repayment strength.

V. Loan Terms

It is the goal of the PWBDLP to remain as flexible as possible in working with the individual needs of applicants. Therefore, the minimum/maximum loan amount, interest rate, term, and collateral will be negotiated, following the guidelines of the program, on a case by case basis with the Committee, and specifically the representative of Port Washington State Bank. The minimum loan amount shall not be less than \$5,000 and the maximum loan shall not be greater than \$50,000 subject to the availability of funds in the loan pool.

In the determination of collateral requirements, the Committee will consider the merits and potential economic benefits of each application. When appropriate and practical, PWBDLP financing may be secured by liens or assignments of rights in assets of assisted firms as follows:

1. In order to encourage financial participation in a direct fixed asset loan project by other lenders and investors in a gap financing situation, the term of the PWBDLP loan may be for a longer period than that of the other lender. The lien position of the PWBDLP may be subordinate to pre-existing or concurrent debt and made inferior to the lien or liens securing other loans made in connection with the project;

2. In projects involving direct working capital loans, the PWBDLP will normally obtain collateral such as liens on inventories, receivables, fixed assets and/or other available assets of borrowers. Such liens may be subordinate only to existing liens of record and other loans involved in the project;
3. In projects involving fixed asset loans, the PWBDLP normally will obtain collateral on the asset to be financed as well as other assets of the company as appropriate;
4. In projects involving guaranteed loans in the revolving phase, the lending institution ordinarily will be required to maintain a collateral position to which the PWBDLP is subrogated in the assets of the borrower and/or principals of the borrower such as by taking liens on inventories, receivables, fixed assets, and/or other available assets of borrowers;
5. In addition to the above types of security, the PWBDLP may also require security in the form of assignments of patents and licenses leases or stock certificates and such other additional security as the grantee determines is necessary exposure;
6. The PWBDLP should ensure that the borrower obtains adequate hazard and other forms of insurance as appropriate. The PWBDLP also will obtain a lender's loss payable endorsement on that insurance, and
7. PWBDLP loan requests submitted by closely held corporations, partnerships, or proprietorships dependent on continued success or certain individuals will ordinarily be expected to provide and assign life insurance to Port Washington State Bank on any key personal guarantees that may be required from principal owners.

VI. Application Process

1. An application is to be completed by the applicant and submitted to the Port Main Street office to the attention of the Executive Director, to the Port Washington Chamber of Commerce office to the attention of the Executive Director or to City Hall to the attention of the City Planner.
2. The application will then be forwarded to the Committee for review of the proposed use of funds and whether the proposed project meets the requirements and criteria of the PWBDLP. In addition, the representative of Port Washington State Bank will perform the underwriting analysis;
3. If a positive determination is made on its review by the Committee the applicant will be notified within 15 days of receipt of the completed loan application as to whether the loan application has been approved or

denied. If approved, the applicant will then meet with Port Washington State Bank to discuss the terms, conditions and servicing of the loan.