



**CITY OF MANITOWOC  
REVOLVING LOAN FUND  
LOAN APPLICATION PACKAGE**

## **PURPOSE**

The purpose of the City of Manitowoc Revolving Loan Fund Program (RLF) is to promote local economic development throughout the community but with an emphasis on the downtown. The program encourages the attraction and expansion of businesses, supports job retention and growth, leverages private investment, maintains and promotes a diverse mix of employment opportunities, and helps to strengthen our entrepreneur friendly environment within the City of Manitowoc.

## **ELIGIBILITY**

Owners or renters of commercial, industrial, service or mixed use properties or businesses in the City, who will locate or expand in the City creating the opportunity for new jobs, retaining of existing jobs, and creating economic activity. Applicants must qualify as “small and emerging private business enterprises” defined as “any private business that will employ 50 or fewer new employees and has less than \$1 million in projected gross revenues”. Program loans are not available for speculative investment companies, real estate investment companies, lending institutions, gambling operations, non-public recreation facilities, and other businesses not serving the interests of the City. Applications by members of the loan committee or the Community Development Authority (CDA) and their immediate family members are not eligible.

Program funds may be used for acquisition of land and buildings, construction, conversion, expansion, repairs of buildings and site improvements, purchase of machinery and equipment, or working capital and operating costs. Program funds may not be used for debt refinancing (except for construction financing), speculative activities, residential building construction or rehabilitation (unless such activity is part of a mixed use project or intended to convert a building to a business or industrial operation), or the production of agriculture projects through growing, cultivation, and harvesting either directly or through horizontally integrated livestock operations except for commercial nurseries, timber operations, or limited agricultural production related to technical assistance projects.

## **REQUIREMENTS**

To be eligible for funding, all of the following minimum conditions must be met:

1. Loans from the RLF shall not exceed the level of available funding.
2. Typical loans shall not be less than \$5,000. Smaller loans may be approved on a case by case basis.
3. Applicants shall contribute at least 20% equity into the project.
4. Applicants shall comply with all applicable local, state and federal requirements.
5. Projects should be completed within 24 months from the date of the RLF loan approval.
6. The portfolio goal is the creation or retention of one full time job for each \$10,000 loaned from the RLF.
7. Concurrence from the United States Department of Agriculture if applicable.

## **CONDITIONS**

The CDA will provide long term, fixed rate, reasonably priced financing, and be based upon need and ability to repay, according to the following guidelines:

1. Loan Amount: \$5,000 to \$50,000

2. **Interest Rate and Repayment:** Rates will typically range from 3-5% and not exceed prime by 2%. **Land, Buildings, and Improvements** - Maximum of 15 years at prime + 2%. **Machinery and Equipment** - Maximum of 10 years at prime + 1.5%. **Working Capital** - Maximum of 7 years at prime + 1%.
3. There are no prepayment penalties.

Based upon borrower's credit needs and ability to repay, the RLF may provide for flexibility in loan repayment to include:

1. Delayed first payment, typically 6 months interest only.
2. Monthly, level debt installments.
3. Deferrals of principal, or interest and principal repayments for a limited period of time.

Collateral and securities shall consist of any available business, personal or other assets considered adequate and satisfactory to the CDA. The CDA may require personal guarantees and/or co-signors.

### **DISTRIBUTION OF FUNDS**

Prior to releasing RLF funds at the time of closing, the following documentation must be in place.

1. **Notice of Award** - the CDA must have reviewed and approved a complete application for an eligible business.
2. **Loan Agreement** - execution of a loan agreement executed by the CDA and borrower.
3. **Promissory Note** - execution of a promissory note specifying the amount and repayment obligations of the loan.
4. **Security** - execution of all security agreements related to the transaction including, but not limited to mortgages, UCC searches and filings, personal guarantees, title insurance, assignment of life insurance and the like.
5. **Repayment Schedule** - a loan repayment or amortization schedule will be prepared and attached to the loan agreement and promissory note.
6. **Evidence of Permits and Insurance** - documentation must be in place that the applicant has secured all necessary permits, licenses and any other registrations or requirements as well as proof of insurance.
7. **Other Documents** - organizational documents for the borrowing entity such as certificate of status, articles of incorporation, borrowing resolution, current financial statements, and environmental assessments, if applicable.

### **LOAN RECIPIENT OBLIGATIONS**

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

1. Not to discriminate on the basis of age, race, religion, color, handicap, sex, physical condition, development disability as defined in §51.01(5) Wis. Stats., sexual orientation or national origin in any employment or construction activity related to the use of the business loan funds.

2. To use RLF loan monies only to pay the cost of services and materials necessary to complete the project or activity for which the loan funds were awarded.
3. To permit inspections by persons authorized by the City of all projects and properties assisted with loan funds.
4. To maintain records on the project for the greater of the term of the RLF loan, or at least 3 years after completion of the project, or as may be requested by the CDA.
5. To submit periodic progress reports to the City in accordance with the schedule in the loan agreement.
6. To maintain all necessary levels and types of liability and property insurance required under the loan agreement, and to identify the City as a loss payee, mortgagee or additional insured on the policy.
7. To abide by all federal requirements, when applicable and other applicable federal laws or regulations pertaining to labor standards or procedures.

### **CONTACT INFORMATION**

Questions or requests for more information on the RLF may be directed to Adam Tegen at the City of Manitowoc Community Development Department, 900 Quay Street, Manitowoc, WI 54220 - 920-686-6930 or [ategen@manitowoc.org](mailto:ategen@manitowoc.org)