



VILLAGE OF SAUKVILLE BUSINESS DEVELOPMENT LOAN PROGRAM

PARTICIPATING PARTNERS

Village of Saukville
Port Washington State Bank

FOUNDING SOURCE

Government/Bank Consortium

DESCRIPTION

A loan fund designed to provide low cost loans for start-up costs for new businesses or firms and to assist in the costs of expansion for existing businesses located in the Village of Saukville or assist in investments for new businesses locating in the Village.

ELIGIBLE ACTIVITIES

- Redevelopment of blighted property and vacant facilities
- Costs associated with environmental/safety or building code compliance or development
- Land or building purchase
- Expansion of existing buildings
- New Business construction costs
- Equipment Purchase
- Leasehold (non-residential) improvements

INELIGIBLE ACTIVITIES

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

APPLICATION PROCESS

Applications are available from the Economic Development and Planning Dept., Village of Saukville. Call or email a request for an application, (262) 284-9423 or comdev@village.saukville.wi.us.

Introduction

Port Washington State Bank committed \$250,000 to establish a loan pool to encourage business development and revitalization in the Village of Saukville. The loan proceeds will be utilized to fund a wide variety of commercial projects ranging from assisting new businesses locating in the downtown areas 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 Loan Program is a pool of money of \$250,000 or to be determined and 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
- Furthering the goals and objectives of the Downtown Redevelopment Plan, the Foster Commons Mixed Use Overlay District No. 1 Plan, and the Village's STH 33 Corridor; 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.

Lending policies and financing techniques will include but are not limited to:

- Providing primary financing for expansion or rehabilitation of a commercial business space;
- Providing longer term loans than are traditionally available for a particular type of financing; and
- Providing below market interest rates;
- Reducing the risk for participating commercial lenders by providing subordinate financing.

III. Eligibility Requirements

Eligible Village of Saukville Business Development Loan Program projects must meet the following basic program eligibility requirements:

A. Eligible Areas

Eligible projects must be located in the Village of Saukville.

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 same lease agreement must be furnished.
2. The applicant must demonstrate to the Village of Saukville Business Development Loan Program Committee (VSBDLPC) consisting of; the Village of Saukville Economic Development and Planning Department, representative(s) of Port Washington State Bank, the Village Administrator, Village President, one citizen representative from the Community Development Authority (CDA), one citizen representative from the Plan Commission, that there are adequate resources available to complete the project and create economic benefit as identified in Section II. This will include, for gap financing purposes, proof of a commitment for primary financing along with necessary equity required by the primary lender. A concurrent business plan must be submitted as part of the application process. If Village of Saukville Business Development Loan Program (VSBDLP) 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 the Village of Saukville Business Development Loan Program funds, the taxes on the subject property must be up to date prior to the final approval of the Village of Saukville and remain current for the length of the term of the loan.

4. If the Village of Saukville Business Development Loan Program funds are 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 Plan Commission, CDA, or other.
5. The applicant and guarantors, if applicable, will have no concurrent interest in any other project receiving assistance through the program.
6. The applicant and guarantors, if applicable, must have a satisfactory credit history or provide evidence that satisfies a sub-satisfactory credit history.

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.

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.
6. Loans for the purpose of the payment of delinquent property taxes.

IV. Loan Review Criteria

In general, the Village of Saukville Business Development Loan Program, will consider the following priorities and conditions when reviewing an application for financing:

1. Priority to businesses looking to locate in vacant downtown 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 designated downtown and Foster Street commercial areas and will further enhance the goals and objects of the Downtown Plan, the Foster Commons Overlay District No. 1 and the Village's STH 33 Corridor.
4. Priority based on security and loan repayment strength.

V. Loan Terms

It is the goal of the Village of Saukville Business Development Loan Program 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 on a case by case basis with the Village of Saukville Business Loan Program 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 Village of Saukville Business Development Loan Program Committee will consider the merits and potential economic benefits of each application. When appropriate and practical, the Village of Saukville Business Loan Program 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 loan may be for a longer period than that of the other lender. The lien position of the Village of Saukville Business Development Loan Program 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 Village of Saukville Business Development Loan Program will require collateral such as liens on inventories, receivable 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 Village of Saukville Business Development Loan Program 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 Village of Saukville Business Development Loan Program 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 the borrowers.
5. In addition to the above type of security, the Village of Saukville 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 Village of Saukville Business Development Loan Program should ensure that the borrower obtains adequate hazard and other forms of insurance appropriate. The Business Loan Program also will obtain a lender's loss payable endorsement on that insurance.

VI. Application Process

1. An application is to be completed by the applicant and submitted to the Village of Saukville Economic Development and Planning Department.
2. The application will then be forwarded to the Committee for review of the proposed use of funds. 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 can be approved or denied. If approved, the applicant will then meet with Port Washington State Bank to discuss terms, conditions and servicing of the loan.
4. The Director of Economic Development and Planning will then officially inform the applicant as well as the CDA and/or Plan Commission (for informational purposes only) at the subsequent CDA meeting that the loan has been approved. If a Village of Saukville Business Development Loan Program application is denied by the loan committee or by Port Washington State Bank underwriting review process, no mention of that particular application will be made before the CDA. This policy aims to keep the process confidential until actual Village of Saukville Business Development Loan Program loan approval.

Approved: 4-17-13- Village Board