

CITY OF WATERVILLE

DOWNTOWN FORGIVABLE LOAN PROGRAM

I. PROGRAM SUMMARY

The City of Waterville has established a Downtown Forgivable Loan Program to provide financial assistance to business and property owners for the creation of a new business or significant expansion of an existing business within the established Downtown District (*see attached map*).

II. FUNDING AND ADMINISTRATION

Funding for the Downtown Forgivable Loan Program will come from the City of Waterville's Downtown Tax Increment Financing (TIF) Fund. The administration of the Downtown Forgivable Loan Program will be carried out by Waterville Main Street (WMSt) and the Kennebec Valley Council of Governments (KVCOG) according to the procedures and guidelines outlined in this document. The administration and operation of the Program shall conform to all federal, state, and local codes.

III. PROGRAM GUIDELINES AND ELIGIBILITY

FUNDING AMOUNTS & TERMS

- Minimum loan amount: \$15,000; Maximum loan amount: \$50,000 (depending on funding availability).
- The loan amount may not exceed 50% of the total investment and must be matched 1:1.
- The loan will be structured with a 5-7 year term, depending on the type of collateral offered and projected cash flows; the interest rate will be fixed at 7%.
- The borrower will make interest only payments; principal will be forgiven annually if borrower meets pre-established conditions.
- All payments must be made by the due date; if any payments are late over the course of the year, both principal and interest payments will be required the following year.
- Fees:
 - Application Fee (once candidate has passed pre-application screening): \$250
 - Commitment Fee: 1% of the borrowed amount
- Borrower must submit annual financial statements & tax returns over the term of the loan; must show cash flow to debt ratio of 1.25 as determined by the lender.

ELIGIBILITY CRITERIA

- Funds may be used to support a new business start up or an expansion of an existing business.
- The business must be located within the Downtown District to be eligible.
- Funds may be provided either directly to the business owner or to the property owner in support of the business(es) located or to be located at that site.
- Priority will be given to entities that fill 1st floor vacancies.
- Retail, restaurant, and office uses will be eligible; however, applications will be prioritized based on existing market research, including consumer, business, and employee surveys.

ELIGIBLE USES FOR FUNDING – FIXED ASSETS:

- Exterior improvements
 - Signage, storefront improvements, lighting
- Business related expenses:

- Equipment purchase, interior improvements

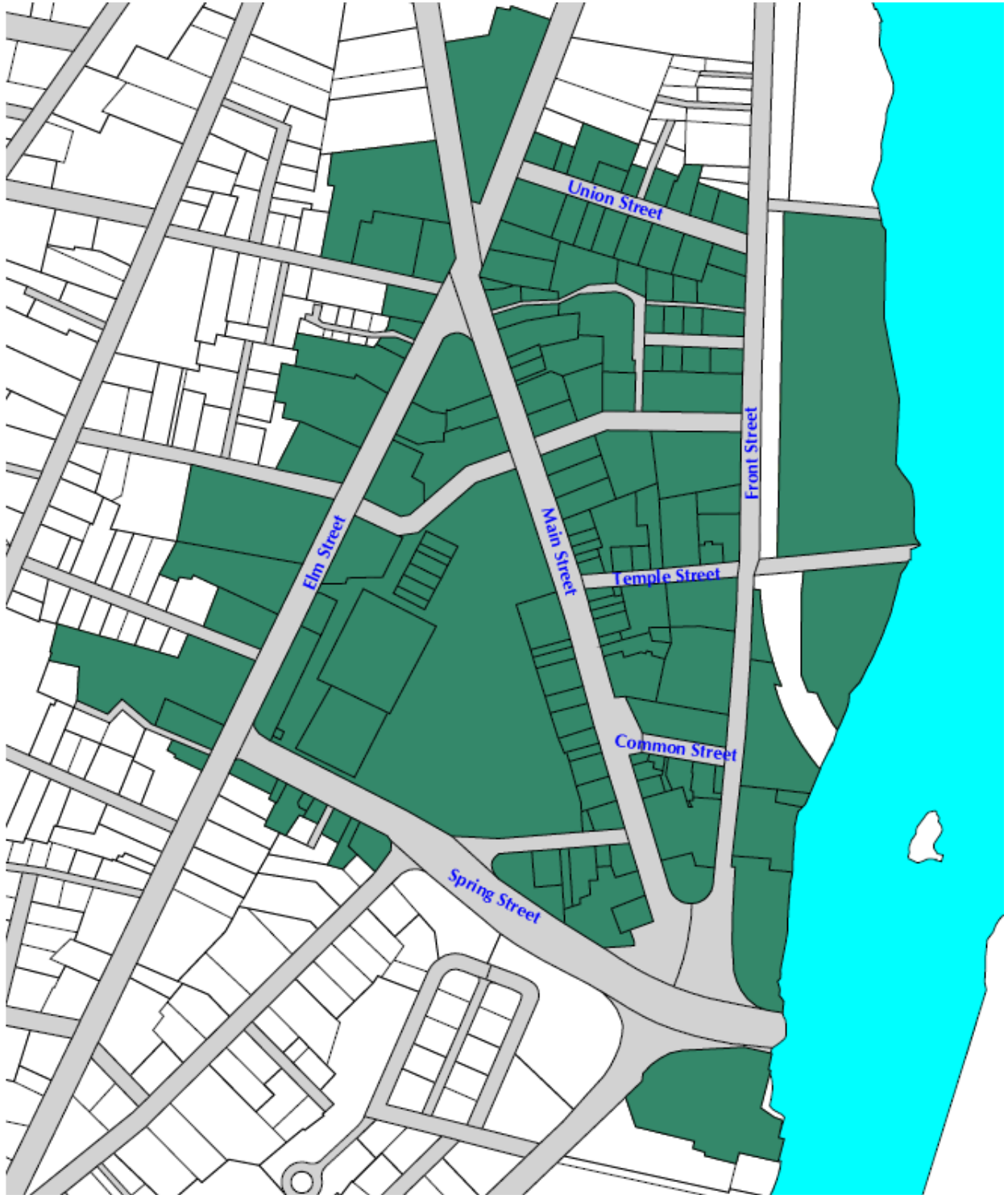
INELIGIBLE USES FOR FUNDING:

- Debt refinancing
- Franchise fees
- Operating expenses and working capital (e.g. payroll), marketing

IV. APPLICATION MATERIALS / PROCESS

- Applicants are required to complete and submit to Waterville Main Street the attached Background Data Form.
- The Downtown Forgivable Loan Committee of Waterville Main Street will consider the Background Data Form to determine whether the project is eligible for a full application.
- If deemed eligible, the applicant will then fill out a formal application, which will be submitted to KVCOG along with a \$250 application fee.
- KVCOG will make the final decision regarding loan approval and will work with the applicant to finalize the terms of the loan.
- Once an applicant is awarded a Downtown Forgivable Loan, the applicant has thirty (30) days (after approval and the completion of any required additional consultation) to begin any construction or renovation work and/or improvements.

Eligible Downtown District



City of Waterville Downtown Forgivable Loan Program Background Data Form

1. Applicant(s) (e.g., Joe Smith): _____
2. Please check one: Business Owner Property Owner
3. Business Name (e.g., Joe's Furniture): _____
4. Business Entity: Sole Proprietor Partnership Corporation Limited Liability Company
 Other: _____
5. Business Address: _____
6. Mailing Address (if different from above): _____
7. Work Phone: _____ Cell Phone (optional): _____
8. E-mail: _____
9. Please indicate what type of project this loan will be funding (check one and provide supporting info)
 - New Business Start-Up (Estimated date of opening: _____)
 - Square footage to be occupied: _____ sq. ft.
 - # of people to be employed: _____
 - Existing Business Expansion
 - Current square footage occupied: _____ sq. ft.; Expanded square footage: _____
 - # of people currently employed: _____; # of additional employees to be hired: _____
10. Business description: _____

11. Sources & Uses of Funds

Sources of Funds	Amount	Notes
Owner Capital		
Downtown Forgivable Loan		
Other:		
Other:		
TOTAL SOURCES OF FUNDS		

Uses of Funds	Amount	Notes
Business Purchase		
Building Purchase		
Lease		
Improvements/build-out		
Furniture / Equipment		
Inventory		
Other:		
Other:		
Other:		
TOTAL USES OF FUNDS		

12. Attachments

Please attach to this Background Data Form a copy of the latest business plan that includes:

- General information (including historical information, if applicable) that describes the business;
- Financial statements (income statement, balance sheet, cash flow analysis) Balance Sheet and Cash Flow Analysis; and
- Basic Market Analysis (identification of competition, competitive advantage, etc.).

13. Applicant’s Signature

I have read and understand the attached guidelines. I understand that this is preliminary application and that, should this project be deemed eligible for funding, I will be required to fill out a full application and submit a \$250.00 application fee.

Applicant’s Signature

Date

14. Landlord’s Acknowledgement (if Applicant is a Tenant)

I am the landlord of the above address, I have been informed of the Applicant’s intention to perform the improvements described in the attached documentation, and I hereby approve the proposed improvements.

Landlord’s Signature

Date

15. Landlord’s Contact Information

Landlord’s Full Name: _____

Landlord’s Address: _____

Landlord’s Phone: _____

**Please return your completed Background Data Form along with all documentation to:
Waterville Main Street, 177 Main Street, Waterville, ME 04901**