



Downtown Façade Loan Program Local Committee Manual

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FOR MORE INFORMATION CONTACT:

**CHAR GURNEY OR BETH WALDHART
REGIONAL BUSINESS FUND, INC.
800 WISCONSIN STREET
MAIL BOX 9
EAU CLAIRE, WI 54703
Phone: 715.836.2918
Fax: 715.836.2886
Email: cgurney@wcrpc.org
bwaldhart@wcrpc.org**

Web address: www.wcrpc.org

**DOWNTOWN FAÇADE LOAN PROGRAM
LOCAL COMMITTEE MANUAL**

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DOWNTOWN FAÇADE LOAN PROGRAM

Purpose: The purpose is to provide incentives and financial assistance that encourages property and business owners in the historic downtowns of the cities and villages of west central Wisconsin to revitalize downtown commercial buildings.

Eligibility:

Applications submitted by businesses located in communities who contributed RLF funds will have priority in receiving loan funds.

Applicants may apply for an RLF, TEF, or Micro loan in addition to the Downtown Façade loan.

Applicants. All businesses or tenants located within historic downtowns of eligible towns, villages, and cities in west central Wisconsin are eligible. Startup businesses are eligible but must provide an acceptable business plan and show sufficient management background and an equity position in the business. Applicants must demonstrate an ability to cash flow the projected debt service and to operate a business successfully. Property taxes on the property must be current.

Eligible Uses. Facade renovation, signs, exterior doors, windows, awnings, exterior graphics, exterior lighting, and other facade or landscape improvements. Building code violations such as roofing, structural repair and necessary mechanical system upgrades are eligible but only as part of an approved facade improvement. Facade funds can only be used for rehabilitation expenses incurred after the application is approved for funding. Applicants can also apply for other loan funds, micro, RLF, TEF or other main street loans/grants for the same project but the facade design must be approved first.

Ineligible Uses. No refinancing, building purchases, inventory, furniture, equipment or working capital. Projects cannot be primarily residential in nature. Projects must have reasonable assurance of repayment.

Design Requirements. Applicants must provide acceptable facade design plans that comply with approved general design guidelines that will be based on the National Trust and Main Street Center or suitable design guidelines prepared and adopted by local governments.

Terms and Conditions:

Loan Size. \$5,000 to \$30,000

Loan Terms. Up to 15 years

Interest Rate. 0% fixed

Prepayment Penalty. None

Deferral of Payments. Deferral of principal and interest payments may be allowed for extenuating circumstances.

Collateral. All loans shall be secured by a mortgage on the property rehabilitated.

Guarantees. Unlimited personal guarantees are required from any person with a 20% or greater ownership interest in the business. Corporate guarantees are required if applicable.

Maintenance. All borrowers will be required to continue to maintain the properties in the condition and for a time as set forth in the loan documents but will normally not be less than the term of the financing.

Application Procedure: Applications will be available through Economic Development Corporations and local governments that have lending authority. The Applicant must review the design guidelines prior to completing an application. Applicants will be directed to a primary contact within each community. Applicants must submit a completed application directly to the local community or its primary contact that will include copies of the design plans, sketches, and photographs, project cost estimates, a construction schedule, evidence that property taxes are current, and financial statements with the application. A sample application is attached.

Loan Review/Approval: The primary contact for an eligible local government or downtown committee will determine if the application is complete, that it meets all guidelines, schedule the loan committee meeting, and verify the request was officially approved for financing pending available of funds.

Committees or local governments will send the complete application with all attachments and documentation on the action taken to the Program Administrator. The Program Administrator is the Regional Business Fund, Inc. Agent at the West Central Wisconsin Regional Planning Commission. Contact information is located at the beginning of this manual. A checklist is attached that will be used for documentation of actions. Meeting minutes must also accompany the application packet.

Loan Closing: The Program Administrator shall prepare a letter of commitment and close the loan pending availability of funds.

Monitor Compliance: A maximum of three disbursements is allowed. The final 10% of the total loan amount will be retained until the local government provides written notice to the Program Administrator that the project has met the design guidelines and all lien waivers from the previous draws have been received.

Loan Servicing: The Program Administrator shall service the loan according to RBF, Inc. loan servicing guidelines.

LOCAL GOVERNMENT ROLE

Local governments may establish downtown facade/historic reinvestment committees (downtown committees) or utilize an existing Main Street design committee or historic preservation commission to accept and review applications. Local governments may also allow the downtown committees to have final approval for the loan or may require approval by the local government. Additionally, local governments may designate a downtown committee that

serves several communities. Approved committees/local governments shall be eligible for lending authority up to \$30,000 per business and must submit a map outlining the historic downtown area.

Local eligible governments will market the funds and assist local businesses with applications and communicate with the Economic Development Corporations and the West Central Wisconsin Regional Planning Commission about economic development projects and priorities in their communities.

DOWNTOWN FAÇADE LOAN PROGRAM COMMITTEE ROLE

The loan committees shall review, select and approve loan applications based on the guidelines of the Downtown Façade Loan Program outlined in this manual.

The loan committees will be responsible for the review and approval or denial of loan applications. Members will adhere to the requirements established by the program. A majority of the committee must approve any action. No loan shall be made without the approval of an authorized loan committee.

The primary purpose of the downtown committee is to review the facade and building plans for compliance with applicable design guidelines. Most of the members of downtown committees should be comprised of design and building professionals, local historians, Main Street members and historic preservation commission members. One member must have a business financial background (i.e., banker) to review the financials to see that the applicants can cash flow the proposed debt service.

Design Guidelines:

The general design guidelines from the National Trust and Main Street Center will be the program standard. Communities may develop and adopt their own design guidelines that may supersede the general design standards. Alternative design standards cannot be less than those from the National Trust and Main Street Center. A copy of the Main Street Center "Keeping Up Appearances" design guidelines is available, by request, from the Program Administrator. Main Street communities may use their own Main Street guidelines.

Downtown Boundaries:

The downtown boundaries adopted by a local community should reflect a historic and core downtown area located within the Village or City limits and should be within a one square mile area.

UNDERWRITING GUIDELINES

The lender on the committee is responsible for assessing whether the cash flow of the business is sufficient to repay the proposed assistance. Most often the collateral will be insufficient to cover the outstanding debt in the case of liquidation. This should be of minimal consequence to the decision making process.

Checklist for Downtown Facade Committee Approval

- The downtown facade committee has conducted basic financial underwriting prior to approval and the recipient can repay the proposed assistance.
- Project costs are reasonable and all sources of project financing are committed.
- Private capital is invested.
- The project conforms to the design guidelines of the local community, the National Trust or The Main Street Center and the property is located within the downtown boundaries as designated by the local community.
- LOAN DETAILS**
Amount: _____ (\$5,000 to \$30,000)
Purpose: _____
Term: _____ (up to 15 years)
Amortization: _____ (up to 15 years)
Repayment: Monthly principal and interest payments for the term of the loan with no deferral period will be assumed unless indicated in exceptions below.
Interest Rate: 0% fixed
Security: Real Estate Mortgage on subject property (required).
 Personal Guarantees (required on all owners of 20% or greater).
_____ Additional security should be indicated in exceptions below.
- The request complies with all requirements of Downtown Façade Loan Program policies and guidelines except as noted below.

Exceptions/Other Conditions:

Approved: _____ Denied: _____

Date: _____

Committee Members Initials:

