



CITY OF SALISBURY DOWNTOWN REVOLVING LOAN FUND PROGRAM GUIDELINES

PURPOSE

The purpose of the City of Salisbury Revolving Loan Fund is to ultimately aid in the revitalization of the Downtown area by fostering growth of new businesses and assisting expanding businesses. Its objectives are to improve the physical appearance of both the interiors and exteriors of commercial and mixed use buildings, increase the City's tax base, and provide needed goods and services to local residents. The program will also help preserve historically architecturally significant structures and address safety issues by eliminating code deficiencies. Areas being served in the Downtown area for purposes of this program will include the area **shown on the attached map.**

ADMINISTRATIVE RESPONSIBILITIES

The City of Salisbury will administer the revolving loan program with loan servicing being provided through M&T Bank.

PROGRAM MARKETING

The City of Salisbury will develop a marketing brochure which explains the loan's purpose and procedure. The brochures will be available in the Mayor's Office, the Department of Planning, Zoning, and Community Development, and at the offices of Urban Salisbury, Inc. The information will also be posted on the City's and Urban Salisbury's websites.

BANKERS' REVIEW COMMITTEE

The Bankers' Review Committee will review applications in the order in which they are received. A personal interview may be required at the discretion of the Bankers' Review Committee.

The Review Committee will make a written recommendation regarding: conformity to program guidelines; contribution to Downtown development; the soundness of the loan; the credit worthiness of the applicant according to generally accepted standards in the financial service industry; the amount of the loan; and the terms of the loan.

All applications will be submitted to the City Council for final approval. A majority vote of the Council members present and voting, provided there is a quorum, will be required in order to approve a particular application.

It is the goal of this program to take action upon each application within 45 days after receipt of all required information. Once the available funds have been loaned, applications will be held on file without evaluation and the applicants will be so notified.

The Bankers' Review Committee will be composed of four people who are employed by Banks having local offices in the City and who have commercial lending experience. The Assistant City Administrator shall also serve on the committee. The Bankers' Review Committee members will be appointed by the Mayor with the advice and consent of the City Council and shall serve four year terms. A quorum must be present in order for the Banker's Review Committee to conduct business.

FORMS AND INFORMATION NEEDED

The City will develop a standard form to be completed by all applicants. This form and supporting information will be detailed enough to permit the City to make a sound judgment regarding the feasibility of various loans. This package will be similar to that used by local commercial lending institutions. Forms may be obtained by mail from the Assistant City Administrator, City of Salisbury, 125 N. Division Street, Room 304, Salisbury, MD 21801 or by telephone at (410) 548-3100. Applications may also be obtained on the City's website at www.ci.salisbury.md.us and at the office and on the website of Urban Salisbury.

APPLICATION SUBMITTAL

All applications are to be submitted and will be first reviewed for completeness by the Assistant City Administrator before being reviewed by the Bankers' Committee. Applications will not be considered to be complete and ready for action until the complete application form and all required attachments are submitted. Required attachments include: a start-up business plan with three years' pro forma projections; personal and company income tax returns for the past two years; a personal financial statement of all business owners; company financial statement, if applicable; a conceptual design illustration; a project timeline; three written estimates of probable costs; and, evidence that the Historic District Commission has approved the concept plan. Applicants whose applications are denied will be notified in writing.

ELIGIBLE APPLICANTS

A loan may be provided to a qualified property owner or, with the written approval of the property owner, a qualified commercial tenant.

ELIGIBLE ACTIVITIES

Loan funds may be used for professional engineering and architectural assistance, renovation of exteriors and interiors of buildings and the purchase or renovation of equipment or machinery in the target area.

INELIGIBLE ACTIVITIES

Loan funds may not be used for start up costs, working capital, refinancing fees, access streets and roads, parking areas, utility and service extensions or those activities which would not be permitted by local ordinances or activities inconsistent with the historic district commission guidelines.

PRIORITY

Priority will be given to those applicants who will provide additional jobs, provide needed goods and services to the community, or generate additional tax revenues.

LOAN SERVICING

Actual loan servicing will be provided through M&T Bank. The City Attorney will conduct the settlement of the mortgage. All loan installment payments shall be due on the same day of the month to provide for ease of administration.

FEES & EXPENSES

The Borrower will pay all direct expenses involving the closing of the loan, such as legal fees, recordation fees, appraisals, etc.

TERMS OF LOAN

The City Council reserves the right to evaluate each case on its own merits, and to maintain some flexibility in loan terms. This latitude is given in recognition of the fact that the purpose of the fund is to provide an incentive for businesses to locate or expand in downtown Salisbury.

The amount of the loan will be determined on a case by case basis, based on the nature of the project and on the amount of funds available. In all cases, individual loans will be limited to a maximum of \$50,000, or up to one third of the cost of the project, whichever is less.

Interest rates will be set, as of the day of the loan approval, on the less than 10 year long term composite rate published daily by the U.S. Treasury plus 1% and will be fixed for the term of the loan.

The term of the loan will be 3, 5 or 7 years based on standard lending procedures and will be subject to the recommendations of the Bankers' Review Committee. Factors to be considered are the purpose of the loan, and the security provided by the loan. The Banker's Committee will take into consideration that a greater public purpose will be served by expeditious repayment of the loans in order to lend the repaid funds to other qualified applicants.

DEFAULT

Upon occurrence of an Event of Default hereunder, the City of Salisbury, in its sole discretion, will provide written notification to the borrower of the default. If not cured within 30 days, the City may: (a) declare the entire outstanding principal amount, together with all accrued interest and all other sums due under this Note to be immediately due and payable, and the same shall thereupon become immediately due and payable without further presentment, demand or notice; (b) terminate any outstanding commitments of the City to the Borrower; (c) exercise its rights to confess judgment against the Borrower, and (d) exercise any and all rights, powers, and remedies provided for in the Loan Documents or now or hereafter existing at law, in equity, by statute or otherwise.

The above is a synopsis of the default conditions that are included in the loan documents.

COLLATERAL & SECURITY

The Bankers' Review Committee will review the loan-to-value ratio of the applicant and consider projects that will be collateralized up to 100%, but not over. The City is willing to consider a subordinate position behind a traditional bank lender and shall also take liens on other assets owned by the applicant, whether the applicant is an owner or a tenant.

EQUAL OPPORTUNITY STATEMENT

All applications are considered without regard to race, color, religion, sex, national origin, age, marital status, or physical or mental disability (provided applicants have the ability to enter into a legal contract).

DISCLAIMERS

The City Council reserves the right to amend these regulations at any time. In the event that the City Council determines the purposes for which the loan has been created has been successfully accomplished or for any other reason it deems necessary, the City Council may close this revolving loan fund and use the funds for another governmental purpose.