

Town of Monmouth
Revolving Loan Fund
Management Plan

1. Purposes of the Revolving Loan Fund (RLF)

- a) To promote the economic wellbeing of the Town of Monmouth by helping to finance projects which maximize private sector investment;
- b) To stimulate job creation and expand business ownership opportunities for Monmouth residents through economic development that is compatible with the Town of Monmouth's physical and social environment;
- c) To encourage maximum utilization of existing vacant and underutilized buildings;
- d) To stimulate investment in the renovation and conservation of small business space; and
- e) To supplement traditional bank financing, business owner investment, and other business loan and investment instruments

2. Administration

A. The Town of Monmouth shall:

- a) Be responsible for overall RLF administration;
- b) Assist RLF applicants with packaging of development proposals;
- c) Recommend amount and terms of RLF and owner participation for each project; and
- d) Maintain a Loan Review Board to review and either approve or deny RLF loan applications;

- 1. The RLF Review Board shall consist of five (5) members who are appointed by the Select Board and be residents of the Town of Monmouth;
- 2. A minimum of three (3) RLF Review Board Members shall constitute a quorum for voting purposes;
- 3. RLF Review Board members shall be appointed by the Board of Selectmen and sworn in by the Town Clerk; and
- 4. The term of each Board member shall be three (3) years, and the members shall serve until successors are appointed and sworn in.
- 5. Upon adoption of this management plan, for transition purposes the initial terms shall be staggered so that as nearly an equal number of terms shall expire annually. Toward this end, initial appointment shall be one member for one year, two members for two years, and two members for three years.

E) Review Board recommendations shall be provided to the Board of Selectmen, who shall make final decisions.

B. The Board of Selectmen may adopt amendments to the Town of Monmouth's Revolving Loan Fund Management Plan after a public hearing has been held to review proposed changes.

C. Eligibility Criteria

- a) The applicant must be a property owner or resident of the Town of Monmouth or an owner of a business or organization located within the Town; and the applicant must have the authority to make legal agreements for that business.

- b) The applicant must supply documentation of supplemental traditional bank financing, business owner investment, and/or other business loan and investment instruments.

D. Eligible Projects

- a) Eligible project activities include loans for:
 - 1. Business start-ups, expansion and/or building improvements and/or renovations and /or Capital equipment.

E. Ineligible Loans

- a) Loans secured by out-of-state real estate

F. RLF Terms and Conditions

- a) No loan shall exceed the maximum length of 36 months.
- b) Interest rates will be a fixed rate of 5%.
- c) No loan shall exceed the amount of \$10,000.
- d) Payments will be made on a monthly basis and due on the 1st of each month.
- e) Loans will be evidenced and documented per section H. below (which may be subordinated to the primary lender/s)
- f) Before any RLF funds are disbursed, all necessary Town, State, or Federal Permits must be obtained.
- g) There is no prepayment penalty provision on any loan.

G. Fees

- a) All costs associated with legal documentation preparation and review, recordings and filings shall be borne by the applicant and shall be payable before or at the closing of the loan.

H. Loan Closing Document Package

- a) Upon the loan approval, a formal loan closing documentation package will be assembled consisting of:

1. Loan Agreement;
2. Promissory Note;
3. Mortgage Deed (when applicable);
4. Security Agreement;
5. UCC-1 Finance Statement (when applicable); and
6. Personal Guarantee (all owners) and/or Corporate (when applicable).

- All documents shall be signed by a representative of the Town of Monmouth and the applicant(s). All applicable documents shall be witnessed and notarized by a Notary Public of the State of Maine.