

**TOWN OF PLAINVILLE  
ECONOMIC DEVELOPMENT AGENCY  
REVOLVING LOAN PROGRAM  
OBJECTIVE AND POLICY**

**PROGRAM DESCRIPTION:**

To establish a revolving loan fund designed to encourage and stimulate economic development, serving industries and businesses within the Town of Plainville.

**LOAN CRITERIA AND OBJECTIVES:**

The purpose of the program is to stimulate economic development within the Town of Plainville and not to compete with private sector lenders or investors.

The Economic Development Agency Revolving Loan Program may take greater risks than the conventional lenders are traditionally prepared to do when significant economic development benefits will accrue to the Town and/or retain jobs within the Town by providing financing to businesses which cannot obtain full funding from conventional sources. The borrowers must repay the loans in order to preserve capital for future projects and all loans must be secured with an equity interest in real property.

**THE OBJECTIVES OF THE LOAN PROGRAM ARE:**

1. To encourage small to mid-sizer business development and growth.
2. To create and retain jobs in the Town and expand employment opportunities.
3. To stimulate business improvements and investment in the Town of Plainville.
4. To assist businesses to expand or locate in the Town of Plainville.
5. To assist targeted start-up businesses in the Town of Plainville.

**MATCHING FUND SOURCES:**

The Town of Plainville may act as a primary lender, but prefers to leverage additional matching funds from other local lending institutions to maximize the impact of the program. Ideally, applicants will obtain a combination of municipal funds and private lender funds. Additional efforts will be made to expand the loan pool by securing additional private lender support and by seeking other state and federal program participation.

**TYPES OF LOANS OFFERED:**

The Economic Development Agency Revolving Loan Program may be used for direct loans, participation loans and loan guarantees to businesses for the following purposes:

1. Purchase of machinery and equipment.
2. Short term working capital loans to assist with the acquisition of inventory, equipment or the financing of receivables.
3. Seed capital.
4. Implementation of business plans resulting in increased revenue with an emphasis on increasing the number of employees.

It is the primary objective of the Town of Plainville to utilize the Fund to the fullest extent. Since funds are limited, all loans are made based on fund availability and will be considered on a first come, first served basis.

#### **MAXIMUM LOAN AMOUNT:**

Assistance is offered in levels commensurate with the need of the borrower and the need to offer such loans to multiple borrowers. Assistance maximum is \$50,000.00. The Town of Plainville reserves the right to consider larger amounts when a substantial and beneficial economic impact to the Town of Plainville can be documented.

#### **MINIMUM INTEREST RATE:**

The Economic Development Agency sets interest rates using the current Federal Home Loan Bank-Boston rates as adjusted daily plus one point with a minimum interest rate of 2%. Rates will be set prior to, and within four weeks of the scheduled closing. Should the closing be delayed by the applicant or the Town of Plainville for any reason, the rate shall reset if the loan cannot close within the original four week period. The Town of Plainville reserves the right to consider alternate interest rates when a substantial and beneficial economic impact can be documented.

#### **TERMS:**

Loan terms may be from one (1) to five (5) years. EDA endorsement, if given, is guaranteed for 90 days. One 90 day extension may be granted by the Director of Economic Development only if requested in writing prior to the expiration of the 90 day period. Extensions in excess of 180 days must be approved by the Economic Development Agency only if requested in writing prior to the expiration of any approved period under this section. Any such request(s) must detail the specific reasons why more time is needed. All loans are secured through borrower equity in real property. The Town of Plainville reserves the right to consider alternate terms when a substantial and beneficial economic impact can be documented.

#### **LOAN PROCESSING:**

The application for a loan shall first be referred to the Economic Development Agency of the Town. The EDA shall review the application to determine if it complies with the Town's requirements. Each completed application shall be reviewed on a case-by-case basis. Within thirty (30) days of receipt of the completed and approved application, the Agency shall forward a recommendation to the Town Council for its action. If the applicant is approved and provides the information requested in a timely manner, loans typically close in 60 days. Timeframes vary based upon the complexity of the loan and the credit worthiness of the applicant.

There are no application fees but applicants may incur costs associate with property appraisals, proof of title, recording fees, etc.