

Wethersfield Small Business Investment Loan Program



**Town of Wethersfield, Connecticut
Department of Planning and Economic Development
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Small Business Investment Loan Program

Program Summary

Established as a joint effort by the Wethersfield Economic Development and Improvement Commission (EDIC) and Redevelopment Agency (RDA) in 2022 to provide an incentive to facilitate the partnership with owners to financially assist transformative projects that will add job, value, economic vitality and taxable asset appreciation.

Applicants have the opportunity to submit a funding request to the EDIC & RDA and may receive a loan of up to \$300,000 with a term of up to ten (10) years. At mid-point of term, up to 50% of the remaining loan balance may be converted to an awarded grant (capped at \$75,000) if specific conditions are met.

The program is designed to create a partnership between town and private owners in the development and investment in the community and as a way to provide for immediate, short-term needs to initiate project implementation where other traditional financing options may not meet these needs in a timely manner. Small business investment loans are available to property and business owners not delinquent on real or personal property taxes, who are in good standing in the Wethersfield community.

Section 1. Procedural Requirements

1. The Program is managed and administered by Staff from the Town's Planning and Economic Development Department.

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2. Funding requests are subject to the approval and discretion of the Economic Development and Improvement Commission (EDIC).
3. Applications will be referred to the appropriate Committees and Commissions for comment and approval. (P&Z, Historic District, etc.)
4. Properties located in the Old Wethersfield Historic District will require approval of a Certificate of Appropriateness by the Historic District Commission.
5. *The Economic Development and Improvement Commission oversees this program and the Commission's Finance Committee ("Committee") will review each application to assure that the work proposed will accomplish the goals set by the Commission. All loans will require majority approval by the Commission in order to obtain assistance.*

Section 2. Program Guidelines

1. Applicant must be the beneficiary of the proposed infrastructure improvement and is responsible for installation or implementation. Funds are not to be used to support speculative ventures.
2. The Town of Wethersfield reserves the right to reject all applications and/or request additional documentation from the applicant.
3. Submission of completed application is no guarantee of award. All awards are subject to availability of funds.
4. Business must be legally licensed and registered with no local, state or federal tax bills outstanding.
5. Investment will result in a desirable use or uses such as destination, anchor or niche retail; eating establishments or food stores; entertainment, arts, makerspaces, professional offices, market-rate housing.
6. Improvements will result in a new commercial occupancy, retention of commercial businesses
7. Compatibility with the Silas Deane Highway or Old Wethersfield Master Plans.
8. Applicants must receive tax clearance from the Wethersfield Tax Collector.
9. Loan proceeds must be used for real property improvements that will result in compliance with existing building, zoning, fire or health codes.
10. All payments are on a reimbursement basis and may be phased/incremental.

Section 3. Eligibility

1. All Wethersfield commercial property owners or tenants are eligible to apply for the program.
2. If a tenant applies to the program written permission from the property owner must be submitted.
3. If the applicant is not the owner of the building they must possess a fully executed lease with a minimum of five (5) years remaining in the term from the submittal date of the application.
4. Individuals, partnerships, corporations, nonprofit corporations and other legal entities may apply for assistance. Property owner(s) shall be construed to be any person(s) or legal entity that holds title to

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the subject property. In the case of multiple owners, the signature of each titleholder is required on all appropriate documents. The Town will verify property ownership and require all persons currently on title to give written consent to all work proposed to be performed on the property prior to initiating such work.

5. Applicants must be in good standing with Wethersfield Tax Collector. Any business, individual, partnership, corporation, property owner, lessor or lessee who will directly benefit from participation in this program, whether or not they are the applicant, must be current and up to date on all taxes with the Town of Wethersfield.
6. Loan funds are available only for structures located in commercial zones and containing compliant commercial uses.
7. The number of loans per property or business may be limited to one (1).

Section 4. Eligible Improvements

1. Examples of eligible expenses include, but are not limited to (materials, equipment and labor):
 - a. Significantly improve the long-term viability of the property.
 - b. Improvements are necessary to accommodate the proposed use(s).
 - c. Improvements must respect any historically significant aspects of building and comply with Historic District Commission requirements, where applicable.
 - d. Enhance the overall environment, safety and economic viability of the commercial district.
 - e. Other permanent improvements as determined at the discretion of the Commission necessary for the project.
 - f. Acceptable code compliance expenses including building code compliance; ADA accessibility improvements; elevators and lifts; other egress requirements; health code compliance; hazardous material removal; fire code compliance including fire suppression systems and fire separation requirements. Code compliance expenses incurred within three (3) months prior to approval of the application qualify with acceptable documentation evidencing incurrence or payment of these expenses.

Section 5. Ineligible Improvements

1. The following types of improvements are not eligible for reimbursement:
 - a. Properties used entirely for residential purposes
 - b. Fencing
 - c. General maintenance and repairs to parking lots
 - d. Permit Fees
 - e. Temporary, portable or non-permanent improvements
 - f. Costs associated with drawings, design, legal fees, closing costs, cost estimates and project management
 - g. Improvements that have been completed or in progress prior to grant approval
2. Properties that are not current with property taxes are not eligible for the Program.

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3. Properties used exclusively for residential use.

Section 6. Local Contractors

1. Whenever possible, applicants are strongly encouraged to use local contractors to complete all tasks associated with façade improvement projects. This will not only help garner local support to continue this program, but more importantly will help boost the local economy.

Section 7. Program Benefits and Guidelines

1. This program provides participants the opportunity to receive a loan to initiate a project for terms up to ten (10) years but may be adjusted for adequate debt coverage.
2. At mid-point of term, up to 50% of the loan may be forgiven and converted to an awarded grant (capped at \$75,000) if specific conditions are met.
3. Payments may be auto-debited from a checking or savings account.
4. The minimum loan amount is \$20,000 and maximum loan amount is \$300,000. Loan may not exceed 50% of total cost of the project.
5. The loan is offered at an interest rate of 3%.
6. Loan proceeds must begin to be drawn within 60 days of the loan closing date, and all loan proceeds drawn within one (1) year of the closing date unless additional time authorized by the Town. Failure to draw funds within this timeline may result in requiring the resubmission of an amended application and an additional credit review.
7. This is a loan, not a line of credit.
8. Loan origination and loan servicing may be provided by an entity contracted by the Town.
9. Fees incurred by applicant (attorney, accountant, etc.) are not eligible to be included in loan amount.
10. Applicant must provide a certificate of insurance naming the Town of Wethersfield as an additional insured each time a policy is renewed.
11. Loan application fee is credited toward loan amount.
12. Determination of loan delinquency and default if made by the Town of Wethersfield. Late payment fees may be assessed. Loan collections will be referred to the Town of Wethersfield Town Attorney's Office.

Section 8. Loan Forgiveness Terms and Conditions

1. Any loan forgiveness made by the Town under this program shall not be made until the mid-point of the term as long as all of the work as approved has been completed, all of the improvements have been inspected and approved by the Planning and Economic Development Department, and other Town code officials and all payments for said work have been made to all contractors, material suppliers and vendors. Upon receipt of all required payment documentation the Town will forgive up to 50% of remaining balance of loan.

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2. The applicant is responsible for payment of all contractors. The Town will not pay the contractors directly.
3. The loan is assigned under the terms that the property owner continues to own the renovated property for a period of 5 years from the date of the receipt of the reimbursement.
4. These grants do not have to be repaid to the Town provided that the property owner continues to own the property for five (5) years and all other conditions of the grant have been satisfied. The grant will be prorated and forgiven in equal percentage increments on a monthly basis such that at the end of five years there will be a zero balance and the grant is forgiven.
5. If an owner sells the property within the first two (2) years after the grant has closed, the entire grant amount is due immediately upon closing.
6. If the owner sells the property after two (2) years and before the end of the fifth (5) year after the grant closing, the remaining prorated share of the grant is due and payable upon the sale of the property.
7. The loan may not be assigned unless the assignment is made to a business that had occupied the building at the time the loan was closed and the Commission approves of the assignment.
8. The loan will be secured by a mortgage on the real estate.
9. Additionally, the loan recipient agrees to maintain the property in good condition and not to remove or significantly alter the improvements funded through the program unless otherwise approved by the Planning and Economic Development Department for a period of five (5) years.

Section 9. Construction Schedule

1. All work for which applicant requests reimbursement must be started within two (2) months of loan commitment and completed within one (1) year of loan commitment, except that the EDIC in its discretion may extend such timeframes for good cause. When it can be demonstrated that circumstances clearly beyond the applicant's control prohibit completion in one (1) year, the EDIC may grant a one-time six (6) month extension upon a written request of an applicant.
2. Failure to complete the project in compliance with the timeframes noted above will result in the loan default mandatory repayment.

Section 10. Application Requirements

1. The application shall be filed with the Planning and Economic Development Department. Application may be filed electronically. In addition, one (1) original signed copy shall be postmarked or delivered to Town of Wethersfield Planning and Economic Development Department.
2. All loan applications shall be accompanied by at least two (2), originally signed, letters of reference (names, addresses and telephone numbers included) who have personal and business relationships with the applicant (at minimum one letter from a personal reference and one from a business reference).

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3. The applicant may be required to provide all of the following information (depending upon the type of improvements proposed):
 - a. Completed and signed application form.
 - b. Copy of executed lease if applicant is not the owner.
 - c. Letter of consent from property owner if applicant is not owner.
 - d. Building construction and/or site plans detailing proposed improvements, (include written description of improvements).
 - e. Architectural drawings or renderings of the proposed improvements by certified architect.
 - f. Design Review Advisory Committee or Historic District Commission approval, as required.
 - g. List of all improvements that are proposed.
 - h. An itemized estimate of project costs.
 - i. Estimated development/construction schedule.
 - j. Copy of deed to property.
 - k. Copy of mortgage on property.
 - l. Completed tax affidavit.
 - m. Proof of insurance.
4. There is a \$500 application fee which is due and payable upon application to the program. The funds will be deposited in an escrow account until the application is reviewed. Upon approval of the loan, the \$500 will be credited to the owner at time of loan closing. If the applicant does not elect to proceed after approval fee is not refundable.
5. Loan applications that are not complete or in compliance with all steps listed above, may be considered non-responsive.
6. Applicants must complete the Certification and Affirmation included in the application.
7. Applicant must obtain a tax clearance certificate (valid for 90 days) from the Wethersfield Tax Collector for each property.

Section 11. Application Procedures

1. PRE-APPLICATION STAFF REVIEW – Applicant consults with Town Staff to discuss eligibility for the Small Business Investment Loan Program.
 - a. Staff will explain the program and discuss the basic terms of the loan program: (Preferably on-site of the project)
 - b. Review the client’s plans, improvements and discuss eligibility.
 - c. Discuss the client’s funding sources for the match of the improvements not covered by this program.
 - d. Applicant will be introduced to their Project Advocate Liaisons as their main points of contact.
2. FINALIZE PLANS/PRELIMINARY COST ESTIMATE
 - a. Applicant provides plans and specifications for property improvements including a preliminary budget estimate for project.
3. DESIGN REVIEW/HDC APPROVAL
 - a. Obtains appropriate permits for project which may require (PZC, Inland Wetlands, Historic District Commission).

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4. APPLICATION SUBMISSION

- a. The applicant prepares and submits all of the necessary information to Town staff.
- b. Inform the committee that the package is ready for review. (Within two weeks of all required information being received, the loan committee will meet and a decision will be rendered).

5. APPLICATION REVIEW

- a. The EDIC Finance Subcommittee meets to review the application and forward recommendation to the full EDIC.
- b. The applicant may be required to attend Committee meeting to present plans.
- c. If additional information is needed, application may be tabled by the Committee at its discretion pending further review.
- d. If committee recommends approval, staff prepares a recommendation letter informing the EDIC of the recommendation.
- e. EDIC meets to review and vote on application.
- f. If not approved, a letter explaining the decision including guidance for re-applying for funds.

6. FUNDING COMMITMENT

- a. If approved, Town prepares and sends out commitment letter to the client. Commitment letter includes basic terms and payment amounts and amortization details.
- b. Client signs commitment letter and returns it to the loan administrator.
- c. Client agrees to the promotion of the project before the project commences.

7. LOAN CLOSING

- a. Requests closing date to be scheduled.
- b. Provides documents required for closing (See checklist/agenda)
- c. Amortization schedule to be provided as well as potential payment instructions to the client.
- d. Schedules closing with Attorney.