



## **2017 DOWNTOWN INVESTMENT GRANT**

# REVOLVING LOAN FUND

**DOWNTOWN BLACKSTONE, INC. IS A NON-PROFIT, VOLUNTEER ORGANIZATION FOCUSED ON THE PRESERVATION, GROWTH AND VITALITY OF OUR HISTORIC DOWNTOWN THROUGH COOPERATIVE ACTIONS AND COMPREHENSIVE PARTNERSHIPS.**

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## Revolving Loan Fund 2017 Program Guidelines

### **Background:**

Virginia Main Street (VMS) has provided Downtown Blackstone, Inc. (DBI) a Downtown Investment Grant (DIG) in the amount of \$25,000 for the exclusive purpose of funding a revolving loan fund for new and existing business and building owners who are seeking loans for storefronts, signs and property-related investments in Blackstone's Historical Business District (HBD).

### **Purpose and Objective:**

Downtown Blackstone, Inc. concentrates on promoting and maintaining the district's dynamic business environment by strengthening new and existing business and building owners. We understand the community's economic condition and opportunities for incremental market growth. The DIG aids our efforts to develop financial incentives and capital for building rehabilitations and business development. DBI will encourage such activities by providing small loans at no interest to new and existing business and building owners who meet specified criteria. As legal owner of the Revolving Loan Fund, Downtown Blackstone, Inc. will oversee and approve all policies and procedures while DBI Economic Vitality Committee (EVC) will serve as the program administrator.

### **Available Funds:**

Twenty-five thousand dollars (\$25,000) is currently available for lending to new and existing business and building owners in Blackstone's HBD. Applicants can apply on November 09, 2017. Loan financing will become available December 01, 2017.

### **Guidelines:**

Funds in the Revolving Loan Fund are available to all existing or new commercial business/building owners that locate or expand within the defined commercial district, referred to as the Historical Business District (HBD).

The program will be overseen by Downtown Blackstone, Inc. and implemented by DBI Economic Vitality Committee (EVC). The EVC and DBI Executive Director will distribute guidelines and applications to interested business and/or building owners. Applicants will have access to direct consultation on business plan development, marketing assistance, cash flow planning and post-loan business assistance. All completed loan applications will be submitted to the EVC who will approve or deny loan requests.

Applicants may borrow funds up to **\$10,000** at **0% interest** for a given project. If only one applicant exists, the EVC may use its discretion in loaning additional amounts.

The loan has a maximum **2** year term, payable in monthly installments. Individual borrowers will be assessed on a case-by-case basis, depending on the total amount borrowed, to create sufficient monthly payback plans. Any closing costs will be paid by the borrower.

All applicants are accepted on a first come, first served basis. No discrimination of any kind will be allowed with regard to any applicant.

### **Program Eligibility:**

To be eligible for a loan, applicants must meet several criteria:

1. *Business/Building Location:* Businesses and buildings must be physically located in Blackstone's Historical Business District as defined by Virginia Main Street. A map of the designated area will be available.
2. *Financial Documentation:* Applicants should be able to document their equity investment in the business, provide their credit history, pledge available collateral (if required) and provide or develop cash flow projections based on loan approval. Inability to provide any of this documentation will require business and/or building owners to consult with the Small Business Development Center based at Longwood University or other professionals who can assist in the process.
3. *Loan Use:* Allowable uses for the loan include building and land acquisition, leasehold and site improvements, new construction and rehabilitation costs, purchase of fixtures, signage, machinery and equipment and associated installation costs. Loans may not be used to purchase inventory. Loan recipients have one year to submit all expenditure receipts of completed work once the loan has been paid in full.

### **Application Process:**

Applicants must complete and submit an application and required attachments to the EVC for consideration.

#### Attachments:

- Proposal on use of funds borrowed and/or receipts from already completed project
- Last two years tax returns or one tax return with extension letter
- Business tax return for past three years (if business is established)
- Credit report authorization (provided by the borrower)
- Proof of equity interest in business or building
- Proof of collateral (if required)
- Organizational Documents (Articles of Incorporation/Operating Agreement) - If Applicable

**Decision Making:**

The EVC will review and approve/deny all applications. The committee consists of financial professionals including Certified Public Accountants and local bankers. If approved, the EVC will send a letter of commitment to the borrower for approval and signature. The EVC will submit approved loan applications with the commitment letter to the Board of Directors of DBI.

**Administration of the Loan:**

Downtown Blackstone, Inc. will serve as the financial administrator. Borrowers will deliver monthly payments to the Executive Director. Copies of payment history will be placed in appropriate client files. Loan payments will be deposited into a DBI owned account at a local community bank. DBI will collect payments, assess late fees and initiate collection proceedings when necessary. DBI will compile monthly reports as to the status of the loan. Reports must show the amounts due and received monthly, as well as annually. A report will also be submitted at close out.

Once the loan is completed, Downtown Blackstone, Inc. will close out the loan by returning the Promissory Note and releasing the collateral by filing the appropriate papers.

The business/building owner must submit qualifying expenditure receipts of work completed to the EVC. All receipts must be received by the ending date of repayment of the loan.

**Late Payments, Default, Collections, Foreclosure:**

Borrowers that are 15 days past due will be informed by letter that they are delinquent and penalty fees will be assessed at a rate of 5% of the payment amount after 60 days of being delinquent. Penalty fees will be added to existing loan funds and not designated as profit for DBI. Borrowers must meet in person with the EVC to discuss a plan for becoming current with the loan. Site visits may be necessary to check on collateral if it was required. For borrowers that are still in business and have reasonable plans for coming into compliance, the loan may be renegotiated in accordance with a workout plan developed by the EVC and the borrower. Workout measures may include interest-only payments for some period, a revised payment schedule, or a short-term moratorium on repayment. Any new agreement for repayment will be documented by an amendment to the loan agreement. The workout plan will include benchmarks for measuring progress toward repayment and will address plans for liquidation, voluntary or involuntary.

If the borrower fails to perform as promised, failure to communicate with DBI and/or the EVC and/or the loan remains delinquent, a letter will be issued stating that the loan is in default. In this case, one of the following courses of actions will be taken:

1. For borrowers that are going out of business, the EVC will develop a workout plan that includes selling the collateral and using any remaining cash flow from the business or personal guarantees to repay the loan.
2. For borrowers that appear unable or unwilling to repay the loan, action will be taken to obtain and sell the collateral to repay the loan.
3. Judgements will be filed against the borrower and any guarantors for the balance of the principal owed after the sale of the collateral.

### **Monitoring and Follow-Up Assistance**

The EVC will provide regular follow-up and mentoring as an ongoing service to the Revolving Loan Fund recipients. The DBI Executive Director and committee members will contact the recipients with updates about ongoing training and networking sessions to expand the business' exposure and continuing education opportunities. Loan recipients that are designated as new business/building owners are required to meet with the DBI Executive Director and/or advisors from the Longwood Small Business Development Center for one-on-one counseling on a quarterly basis.

DBI will assist business/building owners with store announcements concerning expansions, new product lines or other promotions on the DBI website, press releases and other marketing materials. Counseling will be provided as needed.

### **Program Promotion**

Promotional and informative materials outlining the guidelines of the Revolving Loan Fund will be available at the offices of DBI. It will also be posted on DBI's website. Promotional materials will be distributed to existing business and building owners. DBI will publicize the program at workshops and distribute materials to local realtors who list commercial property in the HBD.

### **Complaints and Appeals Procedure:**

In the event that a business/building owner has an unresolved complaint regarding the Revolving Loan Fund, the owner may utilize the following resources and appeals procedure to address the complaint.

1. Informal resolution must be attempted with the DBI Executive Director and the EVC. If an additional resolution is not possible, the complaint must be put into writing and sent to the Chairperson of Downtown Blackstone, Inc.
2. The Chairperson must investigate the complaint and respond to it, in writing, in a timely manner. The response must include an explanation of the reason(s) for the decision

reached, information on how decisions can be appealed and how many days from receipt of notice the complainant has to appeal the decision.

3. Written appeals must be submitted to the EVC. All written appeals are retained for review. All appeals must be addressed within 15 days of receipt and resolved within 30 days of the appeal and retained for review. All appeals must be responded to, including an explanation of the reason(s) for the decision reached, information on the next step for appeal and how many days from receipt of notice the complainant has to appeal any decision.
4. Final appeals may be addressed by the Board of Directors. The appeal must be in writing and include copies of all correspondence up to this point. The appeal must identify the problem and the desired solution. The Board of Directors will address the appeal in a timely manner and will respond in writing in a timely manner.