



## *City of Lodi Revolving Loan Fund* A Business Beautification Program

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The City has capitalized a Revolving Loan Fund (RLF.) This fund is designated to make direct business loans on a companion basis with other funding sources.

**Program Goals:** Improvement of the business climate through preservation and development of historical atmosphere, natural environment, cultural amenities, and tourism.

### **Eligible Activities:**

- Façade or grounds improvements
- Energy efficiency and/or water conservation
- Code compliance
- Beautification
- Participation in a program that enhances the business climate of the city
- Projects that further the state program goals

### **Ineligible Activities:**

- Refinancing or consolidating of existing debt
- Reimbursement for expenditures prior to loan approval
- Projects completely outside the city of Lodi limits

### **Eligible Borrowers:**

- Businesses
- Non-Profit Organizations
- Community Organizations

### **Minimum Requirements for RLF Loans:**

- **Private Fund Leveraging** – No more than 50% of the project cost may be borrowed from the RLF.
- **Feasibility** – The applicant must demonstrate that the proposed project is viable, and the business will have the economic ability to repay the funds.
- **Compliance** – Applicants shall comply with all applicable local, state, and federal laws and codes.
- **Consistency with Program Goals** – The applicant must demonstrate that the proposed project is consistent with the program goals.
- **Project Completion** – Projects shall be completed within 12 months from the date of the loan approval.

## Loan Conditions

- **Loan amount** – Loan amounts are subject to the availability of the program funds with a limit of \$5,000.00 per project.
- **Interest Rate** – The interest rate will be fixed for the life of the loan. The interest rate will be at the level of the federal funds rate reported by the Federal Open Market Committee of the Federal Reserve. Since this rate can change daily, the rate on the date the loan is approved by the Economic Development Committee is the rate that will be used.
- **Repayment** – Payments of principal and interest will be due monthly in the amounts determined by the city at the time of loan closing. Payment of interest and/or principal may be deferred for up to three months if justified in the loan application. The term of the loan will generally not exceed 2 years.
- **Prepayment** – There shall be no prepayment penalties.

## Application

- Applications may be submitted at any time and will be processed in the order received. Applications should include the following items:
  - **Application Form** – Information on the borrower and the project itself, including how the project meets the goals of the revolving loan fund program. In addition, the applicant may request a specific repayment schedule, within the allowable loan conditions of the program. Application forms will be available on the city’s website and at city hall.
  - **Financial Plan and Projection** – Information on the organization such as mission, history, products/services, and customers. Additionally, projections on the expenditure of borrowed (an estimate or price quote) and demonstration of ability to repay the loan.

## Process

- **Preliminary Review** – The application will be reviewed by the City Administrator for completeness and eligibility.
- **Final Review and Loan Terms Determination** – The Economic Development Committee, a standing committee of the Lodi Common Council, will meet to recommend or deny approval of a loan. If recommending approval, the committee will determine the terms of the loan through communication with the applicant.
- **Approval** – All loans must be approved by a majority vote of the Common Council.
- **Loan Closing** – The applicant will sign off on the loan agreement and receive a check for the proceeds of the loan within 10 business days after Common Council approval.

## For more information or to obtain an application form, please contact:

Jennifer Sweeney, Interim City Administrator

City of Lodi

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\*Conditions subject to change\*