

## Terms and Conditions

### Loan Amount:

With a minimum loan amount of \$20,000. Maximum loan amounts are normally capped at \$100,000 per project.

### Interest Rate:

The interest rate may be fixed or graduated on a fixed schedule. In no case shall the interest rate be less than 3 percent or greater than 2 percent above the prime rate at the time the contract is signed.

### Terms for Loans:

Maximum loan terms are:

Working capital	7 years
Equipment, machinery, fixtures	10 years
Real estate	12 years

In any case, the loan shall not have a term longer than the terms of the other private financing in the project.

### Period of Payment:

Terms may include longer amortization schedules with balloon payments.

## Eligible Activities

- Acquisition of land, buildings, and fixed equipment.
- Site preparation and the construction or reconstruction of buildings or the installation of fixed equipment
- Clearance, demolition, or the removal of structures or the rehabilitation of buildings and other such improvements.
- The payment of assessments for sewer, water, street, and other public utilities, if the provision of the facilities will directly create or retain jobs.
- Working capital (purchase of inventory only, no payroll costs or lease costs).

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## Business Assistance

# VILLAGE OF GRAFTON REVOLVING LOAN FUND

FOR  
BUSINESS START-UPS  
&  
BUSINESS EXPANSIONS



**GRAFTON**  
QUALITY LIFE. NATURALLY.

## Program Description

The Village of Grafton Revolving Loan Fund (RLF) was established to encourage business start-ups and expansion by creating employment opportunities for low and moderate income persons, encouraging private investment, and providing a financing alternative for businesses.

When the original loan is repaid by the business, the community can then make more loans to additional businesses looking to expand or locate in the community.

## Minimum Requirements

To be eligible for funding, a proposed project must meet all of the following requirements:

### **Private Funds Leveraged:**

The applicant must leverage a minimum of one dollar of private funds for every dollar of loan funds requested. Higher leverage may be required at the discretion of the Village Board.

### **Cost per Job Created:**

At least one full-time permanent position or full-time equivalent must be created or retained for every \$20,000 of program funds requested. The created/retained position must be maintained for 24 months.

### **Financial Feasibility and Business Viability:**

The applicant must demonstrate that the proposed project is viable and the business will have the economic ability to repay the funds.

### **Low and Moderate Income Benefits:**

The project shall provide increased permanent employment or will retain existing jobs, which would have been lost locally. Of the jobs created or retained by the project, at least 51 percent must be made available to low to moderate income persons.

### **Compliance with Applicable Laws:**

Applicants shall comply with all applicable local, state and federal laws and codes.

### **Project Completion:**

Projects shall be completed within 24 months from the date of the loan approval.

## Loan Requirements

### **Repayment:**

Payment of interest and/or principal may be deferred during the implementation period of the assisted activity if merited in the loan application. Interest shall accrue during the deferment period and may be paid in full or added to the principal amount of the loan.

### **Prepayment:**

There shall be no prepayment penalties.

### **Collateral:**

The Village of Grafton will seek to have the best possible collateral position possible to ensure that RLF loans are adequately secured.

### **Loan Procedure:**

Loan Applications are reviewed by the Village of Grafton's Finance Director. Applications will then be forwarded to the Village's Finance Committee and Village Board for approval.