

**Columbia City**  
**Revolving Loan Fund Program**  
*A project of the Columbia City Redevelopment Commission*

**Introduction**

The Columbia City Redevelopment Commission is continuing to work toward the greater good of downtown Columbia City. Downtown is a focal point of the community and its vibrancy creates an image of the community economic base. An active and attractive downtown serves as an important marketing tool in the recruitment of new corporations and businesses as well as the employees needed to accommodate them.

The ultimate success of downtown development is dependent upon the level of private sector commitment. It is up to the merchants, building owners, residents, professionals and investors to improve the mechanics of their business and the condition of their buildings. Seeking new or improved business to satisfy customer demand, improving property management, and encouraging reinvestment, not only help to provide direct activity in downtown, but also indirectly assist in bringing in outside dollars. As a catalyst for downtown enhancement, the Columbia City Redevelopment Commission is pleased to offer a Revolving Loan Fund (RLF) to stimulate private sector investment, in downtown, by providing an innovative financing mechanism.

**Purpose of Loan Program**

Revolving Loan Funds (RLFs) have become a widely used financing tool. They are a gap financing measure primarily used for development and expansion of small businesses. A RLF is a self-replenishing pool of money, utilizing interest and principal payments on old loans to issue new ones.

The purpose and intent of the Columbia City Redevelopment Commission RLF is to:

1. Promote the physical revitalization and strengthen the economic viability of the downtown Columbia City TIF District, by providing financial incentives for improving the appearance and structural conditions of downtown buildings through low interest loans;
2. Stimulate private sector investment in downtown;
3. Address issues that improve the economic viability of the downtown district.

Successful applicants will address these goals through interior renovations, façade and external infrastructure improvements, which enhance the appearance and structural conditions of downtown buildings. It presents an opportunity to enhance and promote the unique atmosphere that the downtown can provide. Successful implementation will result in a stronger downtown area and a stronger community for Columbia City.

## **Description of Program**

The Columbia City Redevelopment Commission has established a low-interest loan program to facilitate improvements to the interior, façade and structural condition of downtown buildings. Projects must be located in the downtown TIF district or have a demonstrative benefit to the downtown TIF district. A map of the downtown TIF district can be obtained through the Columbia City website at [www.columbiacity.net](http://www.columbiacity.net), or the Whitley County Economic Development Corporation website at [www.whitleyedc.com](http://www.whitleyedc.com). Loans for both pre-development and development projects will be available. Applicants may also apply for façade grants through the Columbia City Redevelopment Commission. The Commission will work to coordinate financing through the Revolving Loan Fund program with other funding sources.

## **Loan Amount, Term**

The maximum amount of a RLF loan for a development project will be \$50,000 or 90% of the total project cost whichever is less. The minimum loan amount will be \$10,000. The term of each loan will be based upon the useful life of the asset(s) acquired with the loan. In most cases, the term of the RLF loan will correspond with the term of the private sector loan. In the case where a particular loan would have an impact on the downtown significantly beyond that expected of loan programs, the maximum loan amount might be increased subject to the prior approval of the Columbia City Redevelopment Commission.

## **Interest Rate**

The Revolving Loan Fund will use various index rates as published by the Federal Reserve Bank.

It shall be the intent of the Redevelopment Commission to match the index used for your RLF loan to the useful life of the asset being financed. The indexes used are published in weekly in report titled "Selected Interest Rates, Weekly, H.15"

These indexes can be found at: <http://www.federalreserve.gov/releases/h15/current/>

The indexes used in most cases will be the 5, 7, and 10 year Treasury Constant Maturities. Your RLF rate will be derived by using the previous month's average index most closely matching the term of the loan and the useful life of the asset financed plus a margin.

The margin shall be reviewed from time to time as market conditions warrant. Currently the margin used for RLF loans will be as follows:

5 year Loan = Index + 350

7 year Loan = Index + 400

10 year Loan = Index + 450

15 year Loans will be an exception to normal operations of the RLF, and will be priced based on current market conditions.

A rate indication may be given at the time of application; however the formula for the interest rate on your RLF will be disclosed within your loan commitment letter, and will be finalized at the time of loan closing.

## **Leverage and Collateral**

RLF loans may fund up to 80-90% of the total project cost. A bank, the applicant, or a combination of the two must fund the remaining 10-20% or more, privately. Applicants may also be required to make an equity contribution of at least 5-10% of the total project. Collateral is required to receive an RLF loan. The RLF committee will decide on a case-by-case basis what is acceptable collateral. Note: In some cases, the committee may consider a direct loan of up to \$10,000 to an applicant without private match. The borrower may still be required to make an equity contribution, however.

Volunteer or owner (self) provided, skilled or unskilled labor will be considered as matching funds at a rate of \$10 per hour. In-kind, non-cash inputs, such as real property, equipment, supplies and other expendable property will be considered at their fair market value, or the price that property would sell for on the open market between a willing buyer and a willing seller. If you put a restriction on the use of the property donated, the fair market value must reflect that restriction.

## **Pre-development Loans**

Pre-development loans will also be available with a maximum cap of \$5,000, unless the Commission determines the loan would have an impact on the downtown significantly beyond that expected of loan programs. Pre-development loans may be used for expenses related to environmental review, architectural study, historical review, engineering and appraisals. If, upon completion of the pre-development study, the borrower decides not to proceed to the next phase of improvement, the loan may be forgiven. However, applicants applying for pre-development loans will be required to assign and make available to the Columbia City Redevelopment Commission, all reports, designs and plans paid for with loan funds.

## **Loan Use**

1. All improvements are subject to prior approval by the Columbia City Redevelopment Commission. Applicants who deviate from the approved application may be disqualified from this loan program.
2. Maximum loan amount is \$50,000 per project, unless the Commission determines the loan would have an impact on the downtown significantly beyond that expected of loan programs. Loans provided by this program are to be used for exterior or interior rehabilitation of existing buildings, land acquisition or redevelopment.
3. The total amount loaned under both development and pre-development categories shall not exceed \$50,000, unless the Commission determines the loan would have an impact on the downtown significantly beyond that expected of loan programs.
4. Building owners and tenants with owners consent are eligible to apply for participation in this program.

5. Examples of eligible uses of loan funds include, but are not limited to:

Building Exterior Improvements	Environmental Studies	Materials
Building Interior Improvements	Landscaping	Lighting
Architectural assistance	Signs	Labor
Building Construction	Entrance ways	Cleaning
Window Repair	Awnings	Masonry Work
Materials	Land Acquisition	Paint
Building Renovation	Historical Review	

5. Examples of ineligible uses of loan funds include, but are not limited to:

Working Capital

### **Loan Guidelines**

In addition to the above, the Columbia City Redevelopment Commission will consider the following guidelines when reviewing and acting on program applications:

Since the total program dollar amount per borrower is limited, it is the intent of the Columbia City Redevelopment Commission to provide the downtown with the greatest impact possible. Therefore the Columbia City Redevelopment Commission reserves the right to deny or amend an application based upon the reservation of funds for potential projects that would have, in the Commission's evaluation, the greatest impact on the downtown area.

The Commission reserves the right to reject any application for a building which, in the Commission's evaluation, is in such a state of deterioration that the proposed investment is not likely to have a long lasting effect on the downtown.

In the case(s) where a particular loan(s) would have an impact on the downtown significantly beyond that expected of loan programs, the maximum loan amount might be increased subject to the prior approval of the Columbia City Redevelopment Commission.

### **Application Process**

1. Applications for the program will be available through, and accepted at the Mayor's Office, care of the Columbia City Redevelopment Commission, 112 South Chauncey Street, Columbia City, IN 46725
2. Applicants must demonstrate efforts to utilize local contractors by publishing a notice to bid through a local media outlet.
3. Applicants addressing external building improvements must initiate a Section 106 review with the Indiana Department of Natural Resources State Historic Preservation Office. More information on the Section 106 process can be found at <http://www.in.gov/dnr/historic/4306.htm>. Additionally, applicants should refer to the Columbia City Design Guidelines created by the Whitley County Chamber of Commerce in association with Historic Landmarks Foundation of Indiana and Indiana Downtown.

4. Applications must be received and approved BEFORE work on the project begins. (The Commission may waive this for emergency repairs only).
5. The Columbia City Redevelopment Commission loan committee will approve or reject the application according to its established credit practice.
6. If rejected, the Columbia City Redevelopment Commission loan committee will explain, by letter to the applicant, the reasons for rejection and what, if any, steps can be taken to receive approval.
7. Loan monies will be distributed to the applicant on an as needed basis as determined by the Columbia City Redevelopment Commission.

### **Post application procedure**

1. Work must begin on the project within 60 days after approval, and projects must be completed by the agreed upon deadline.
2. The Columbia City Redevelopment Commission must approve any changes to the approved project. The Columbia City Redevelopment Commission shall have the authority to approve or reject such changes if they deviate from the intent of this program.
3. All approved changes shall be attached to the original application in the form of an addendum, dated and signed The Columbia City Redevelopment Commission and the Borrower.
4. The Columbia City Redevelopment Commission will conduct periodic construction inspections to ensure compliance with the appropriate plans.
5. Deviations from an approved plan or failure to meet the agreed upon deadlines may disqualify the applicant from this loan program. Such deviations may cause one or both of the following:
  - a. The total loan being subject to market interest rates.
  - b. Remaining disbursements to be ceased.

### **Program Amendments**

The details of the Columbia City Redevelopment Commission RLF Program may be amended from time to time.

## **Scoring**

Applications will be scored on the following criteria:

Type of project

Job Creation

Percentage of building used

RLF v. private capitalization as a percentage of total project

Strength of Business Plan

Financial Strength of the Collateral OR Loan Commitment from Recognized Financial Institution.

Term of Loan

Business Type

Targeted areas of the TIF District

Business Maturity

Project Historical Accuracy

Working in Partnership with EDC, Chamber, etc.

Innovative Business or Solution

Property tax revenue generated

Primarily benefits low-to-moderate income people

Total points available: 135

**REDEVELOPMENT COMMISSION APPLICATION**

Name of Borrower: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Contact Person and Information: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Description of Project: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Real Estate involved (legal description or address): \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Budget for Redevelopment Fund: \_\_\_\_\_  
Amount being requested: \_\_\_\_\_  
User of funds: \_\_\_\_\_

Total Project Budget (estimated): \_\_\_\_\_  
Source of other funds: \_\_\_\_\_

Repayment Plan for the funds: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The above statements are true and correct to the best of my knowledge and belief.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

Please attach the following:

1. Borrower Balance Sheet
2. Last year's Income and Expense Sheet
3. 501(c)(3) letter or Articles of Organization