

RESOLUTION NO. 1908

A RESOLUTION OF THE COUNCIL OF THE CITY OF SALISBURY, MARYLAND  
ADOPTING REVISED GUIDELINES FOR THE DOWNTOWN REVOLVING LOAN FUND

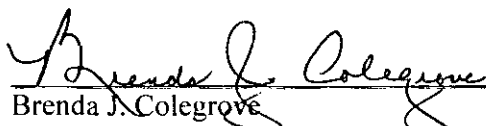
WHEREAS, the Mayor and City Council of the City of Salisbury have established a revolving loan fund to aid in the revitalization of the Downtown area; and

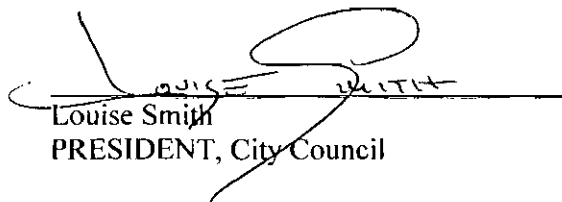
WHEREAS, the Mayor and City Council have determined that the guidelines for this fund should be revised and updated to: expand the geographical area covered by the fund; expand the number of members of the Banker's Review Committee and to add a provision that the Banker's Review Committee is to be appointed by the Mayor with the advice and consent of the City Council; increase the documentation required of the applicant to ensure that the applicant has the financial resources to successfully undertake the project and to pay back the loan; limit loans made under this program to \$50,000; clarify how the interest rate is to be calculated; reduce the number of years provided for the pay-back of the loan; add a default clause; and make other changes to clarify provisions of the program;

NOW, THEREFORE, BE IT RESOLVED that the Salisbury City Council hereby adopts the attached revised guidelines for the City's Downtown Revolving Loan Fund.

THE ABOVE RESOLUTION was introduced and duly passed at a meeting of the Council of the City of Salisbury, Maryland held on the 12<sup>th</sup> day of April, 2010 and is to become effective immediately upon adoption.


ATTEST:

  
Brenda J. Colegrove  
CITY CLERK

  
Louise Smith  
PRESIDENT, City Council

APPROVED by me this 13<sup>th</sup> day of

April, 2010.

  
James Weton, Jr.  
MAYOR, City of Salisbury

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INTER

OFFICE

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MEMO

## Office of the Mayor

**To:** City Council  
**From:** John R. Pick   
**Subject:** Amendments to the Downtown Revolving Loan Fund Guidelines  
**Date:** April 5, 2010

Attached, for your approval, is a Resolution approving a set of amended guidelines for the City's Downtown Revolving Loan Fund. These guidelines have been revised to reflect comments received at the Council's March 10, 2010 work session. Most of the revisions are procedural in nature and are aimed at providing clarification of the existing procedures. Some of the more significant revisions are:

- enlarging the geographical area within which loans can be made to include the area defined in the Hyatt Palma study and used by Urban Salisbury;
- adding a provision that the Banker's Review Committee will be appointed by the Mayor with the advice and consent of Council, that the members will have commercial lending experience and expanding the membership to four bankers plus the Assistant City Administrator;
- adding a number of additional documents to the requirements for documentation to be provided by the applicant to help clarify the financial position of the applicant and to provide additional information about the project;
- placing a limit of \$50,000, or one-third of the project cost, whichever is less, on the loan;
- providing additional guidance on how to calculate the interest rate on the loan;
- modifying professional assistance as an eligible activity to specify that it is engineering and architectural assistance;
- reducing the term of the loan from a maximum of fifteen years to either 3, 5 or 7 years; and
- adding a default clause.

If you have any questions, please let me know.

cc: Mayor Ireton  
Lore' Chambers  
Pam Oland  
Brenda Colegrove



City of Salisbury  
Downtown Revolving Loan Fund  
Checklist

1. Application forms may be obtained from the Assistant City Administrator, City of Salisbury, 125 N. Division Street, Room 304, Salisbury, MD 21801, or 410-548-3100. Forms may also be downloaded from the City's website at [www.ci.salisbury.md.us](http://www.ci.salisbury.md.us) or obtained at the office of Urban Salisbury, 144 E. Main Street, and on the website of Urban Salisbury at [www.urbansalisbury.org](http://www.urbansalisbury.org).
2. Fill out the application and complete the required attachments as noted on the Application form.
3. Applications should be returned to the Assistant City Administrator.
4. The Assistant City Administrator refers the application to the Bankers' Review Committee.
5. The Bankers' Review Committee meets to review the application for completeness and makes a judgment as to credit worthiness and if the application is incomplete the Bankers' Review Committee will request the additional information and make a recommendation. The Committee also has the right to request any additional information needed.
6. Additional information submitted.
7. Final Bankers' Review Committee recommendation will be made based on all of the documentation submitted by the applicant.
8. The City Council meets to act on the loan application.
9. Applicant is notified of decision of the City Council.
10. Settlement is held.

## **Resource List**

### **Historic District Commission**

Contact Person: Tom Stevenson  
Neighborhood Services and Code Compliance  
501 E. Church Street  
Salisbury, Maryland 21801  
(410) 341-9550

### **Small Business Development Center**

Contact Person: John Hickman  
Salisbury University  
Power Professional Building  
Wayne Street  
Salisbury, Maryland 21804  
(410) 548-4419

### **Chamber of Commerce**

Contact Person: SCORE - Chuck Lemak  
144 E. Main Street  
Salisbury, Maryland 21801  
(410) 749-0185

### **Maryland Capital Enterprise**

Contact Person: Hayley Gallagher  
144 E. Main Street  
Salisbury, Maryland 21801  
(410) 546-1900



## **CITY OF SALISBURY DOWNTOWN REVOLVING LOAN FUND PROGRAM GUIDELINES**

### **PURPOSE**

The purpose of the City of Salisbury Revolving Loan Fund is to ultimately aid in the revitalization of the Downtown area by fostering growth of new businesses and assisting expanding businesses. Its objectives are to improve the physical appearance of both the interiors and exteriors of commercial and mixed use buildings, increase the City's tax base, and provide needed goods and services to local residents. The program will also help preserve historically architecturally significant structures and address safety issues by eliminating code deficiencies. Areas being served in the Downtown area for purposes of this program will include the area **shown on the attached map.**

### **ADMINISTRATIVE RESPONSIBILITIES**

The City of Salisbury will administer the revolving loan program with loan servicing being provided through M&T Bank.

### **PROGRAM MARKETING**

The City of Salisbury will develop a marketing brochure which explains the loan's purpose and procedure. The brochures will be available in the Mayor's Office, the Department of Planning, Zoning, and Community Development, and at the offices of Urban Salisbury, Inc. The information will also be posted on the City's and Urban Salisbury's websites.

### **BANKERS' REVIEW COMMITTEE**

The Bankers' Review Committee will review applications in the order in which they are received. A personal interview may be required at the discretion of the Bankers' Review Committee.

The Review Committee will make a written recommendation regarding: conformity to program guidelines; contribution to Downtown development; the soundness of the loan; the credit worthiness of the applicant according to generally accepted standards in the financial service industry; the amount of the loan; and the terms of the loan.

All applications will be submitted to the City Council for final approval. A majority vote of the Council members present and voting, provided there is a quorum, will be required in order to approve a particular application.

It is the goal of this program to take action upon each application within 45 days after receipt of all required information. Once the available funds have been loaned, applications will be held on file without evaluation and the applicants will be so notified.

The Bankers' Review Committee will be composed of ~~three~~ **four** people who are employed by Banks having local offices in the City **and who have commercial lending experience**. The Assistant City Administrator shall also serve on the committee. The Bankers' Review Committee members will be appointed by the Mayor with the advice and consent of the City Council and shall serve four year terms. **A quorum must be present in order for the Banker's Review Committee to conduct business.**

#### **FORMS AND INFORMATION NEEDED**

The City will develop a standard form to be completed by all applicants. This form and supporting information will be detailed enough to permit the City to make a sound judgment regarding the feasibility of various loans. This package will be similar to that used by local commercial lending institutions. Forms may be obtained by mail from the Assistant City Administrator, City of Salisbury, 125 N. Division Street, Room 304, Salisbury, MD 21801 or by telephone at (410) 548-3100. Applications may also be obtained on the City's website at [www.ci.salisbury.md.us](http://www.ci.salisbury.md.us) and at the office and on the website of Urban Salisbury.

#### **APPLICATION SUBMITTAL**

All applications are to be submitted and will be first reviewed for completeness by the Assistant City Administrator before being reviewed by the Bankers' Committee. Applications will not be considered to be complete and ready for action until the complete application form and all required attachments are submitted. Required attachments include: a start-up business plan with three years' pro forma projections; personal and company income tax returns for the past two years; a personal financial statement of all business owners; company financial statement, if applicable; a conceptual design illustration; a project timeline; three written estimates of probable costs; and, evidence that the Historic District Commission has approved the concept plan. Applicants whose applications are denied will be notified in writing.

#### **ELIGIBLE APPLICANTS**

A loan may be provided to a qualified property owner or, with the written approval of the property owner, a qualified commercial tenant.

## **ELIGIBLE ACTIVITIES**

Loan funds may be used for professional **engineering and architectural assistance**, renovation of exteriors and interiors of buildings and the purchase or renovation of equipment or machinery in the target area.

## **INELIGIBLE ACTIVITIES**

Loan funds may not be used for start up costs, working capital, refinancing fees, access streets and roads, parking areas, utility and service extensions or those activities which would not be permitted by local ordinances or activities inconsistent with the historic district commission guidelines.

## **PRIORITY**

Priority will be given to those applicants who will provide additional jobs, provide needed goods and services to the community, or generate additional tax revenues.

## **LOAN SERVICING**

Actual loan servicing will be provided through M&T Bank. The City Attorney will conduct the settlement of the mortgage. All loan installment payments shall be due on the same day of the month to provide for ease of administration.

## **FEES & EXPENSES**

The Borrower will pay all direct expenses involving the closing of the loan, such as legal fees, recordation fees, appraisals, etc.

## **TERMS OF LOAN**

The City Council reserves the right to evaluate each case on its own merits, and to maintain some flexibility in loan terms. This latitude is given in recognition of the fact that the purpose of the fund is to provide an incentive for businesses to locate or expand in downtown Salisbury.

The amount of the loan will be determined on a case by case basis, based on the nature of the project and on the amount of funds available. In all cases, individual loans will be limited to a maximum of \$50,000, ~~not to exceed~~ **or up to one third of the cost of the project, whichever is less.**

Interest rates will be set, as of the day of the loan approval, on the less than 10 year long term composite rate published daily by the U.S. Treasury plus 1% and will be fixed for the term of the loan.

The term of the loan will be 3, 5 or 7 years based on standard lending procedures and will be subject to the recommendations of the Bankers' Review Committee. Factors to be considered are the purpose of the loan, and the security provided by the loan. The **City Banker's Committee** will take into consideration that a greater public purpose will be served by expeditious repayment of the loans in order to lend the repaid funds to other qualified applicants.

### **DEFAULT CLAUSE**

Upon occurrence of an Event of Default hereunder, the City of Salisbury, in its sole discretion, will provide written notification to the borrower of the default. If not cured within 30 days, the City may: (a) declare the entire outstanding principal amount, together with all accrued interest and all other sums due under this Note to be immediately due and payable, and the same shall thereupon become immediately due and payable without further presentment, demand or notice; (b) terminate any outstanding commitments of the City to the Borrower; (c) exercise its rights to confess judgment against the Borrower, and (d) exercise any and all rights, powers, and remedies provided for in the Loan Documents or now or hereafter existing at law, in equity, by statute or otherwise.

**The above is a synopsis of the default conditions that are included in the loan documents.**

### **COLLATERAL & SECURITY**

The Bankers' Review Committee will review the loan-to-value ratio of the applicant and consider projects that will be collateralized up to 100%, but not over. The City is willing to consider a subordinate position behind a traditional bank lender and ~~may~~ **shall** also take liens on other assets owned by the applicant, whether the applicant is an owner or a tenant.

### **EQUAL OPPORTUNITY STATEMENT**

All applications are considered without regard to race, color, religion, sex, national origin, age, marital status, or physical or mental disability (provided applicants have the ability to enter into a legal contract).

### **DISCLAIMERS**

The City Council reserves the right to amend these regulations at any time. In the event that the City Council determines the purposes for which the loan has been created has been successfully accomplished or for any other reason it deems necessary, the City Council may close this revolving loan fund and use the funds for another governmental purpose.





# City of Salisbury

125 North Division Street  
Room 304  
Salisbury, MD 21801

## LOAN APPLICATION Downtown Revolving Loan Program

### I. APPLICANT INFORMATION

1. Name of Applicant: \_\_\_\_\_  
Mailing Address: \_\_\_\_\_  
Telephone Number(s): \_\_\_\_\_ (Office)  
\_\_\_\_\_ (Home)  
\_\_\_\_\_ (Cell)  
\_\_\_\_\_ (Fax)  
E-Mail Address: \_\_\_\_\_

2. Taxpayer I.D. Number: \_\_\_\_\_  
3. This Loan is Being Requested for the Following General Purpose (check one):  
\_\_\_\_\_ a. To provide funds for a new business start-up in Salisbury  
\_\_\_\_\_ b. To provide funds for the expansion and/or renovation of  
an existing business in Salisbury

4. Name of Existing Business or Proposed New Business: \_\_\_\_\_

5. Location of Existing Business or Proposed New Business: \_\_\_\_\_

6. Form of Organization (Sole proprietorship, LLC, LLP, PA, Corporations, etc.) \_\_\_\_\_

(Attach a copy of articles of incorporation or partnership agreement, if applicable. [For all partners or corporate officers, attach a list of the names, addresses, telephone numbers, social security numbers and % ownership.]

If applicant is leasing building, indicate names of lessor and attach a copy of the lease agreement:  
\_\_\_\_\_  
\_\_\_\_\_

7. Describe the nature of the business to be assisted, including types of products and/or Services to be offered:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

8. Indicate approximate date of opening of new business (if appropriate): \_\_\_\_\_

9. Does the applicant have previous experience in this type of business? \_\_\_\_\_ If yes, indicate nature of said experience:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



**IV. EXPECTED BENEFITS/RESULTS**

1. Briefly explain how assisting the existing business or proposed new business would benefit the City, including the provision of needed services. **(Attach 3 year business plan)**

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2. Indicate number of new jobs to be created:

a. Within six months of opening or expansion \_\_\_\_\_

b. Within two to four years \_\_\_\_\_

3. In the space below, please offer any additional information or justification for the requested assistance:

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4. What is the expected time to completion of this project once funds are approved?

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**V. CERTIFICATION**

By his/her signature below, the applicant states that prospective employees will be considered without regard to race, sex, age, national origin or religion.

I hereby affirm that all information included on this form is true and accurate to the best of my knowledge and I hereby authorize the City of Salisbury or its agent to obtain credit reporting information for purposes of loan evaluation.

\_\_\_\_\_ Date

\_\_\_\_\_ Signature of Applicant

**VI. ATTACHMENTS**

Required Attachments:

- Start-up business plan with 3 years' pro forma
- Personal and corporate tax returns -- last 2 years
- Personal Financial Statement
- Company Financial Statement (if applicable)

- Copy of lease, if applicable
- Articles of Incorporation or partnership agreement, if applicable
- Concept Plan Illustration
- A list of names, addresses, telephone numbers, social security numbers and %

ownership for all partners or corporate officials, if applicable

- Project Timeline
- Written Cost Estimates

- Historic District Commission approval of façade renovations

**VII. OFFICE USE ONLY**

Date Received: \_\_\_\_\_ Time: \_\_\_\_\_

City Use Only:

**Date Reviewed:** \_\_\_\_\_ **Approved** \_\_\_\_\_ **Declined** \_\_\_\_\_



ASSETS		LIABILITIES	
Cash on hand and in Banks (Schedule 1)	\$	Notes Payable to Banks (Schedule 5)	\$
Cash Value of Life Insurance (Schedule 2)		Loans on Cash Value of Life Ins. (Schedule 2)	
Stocks and Bonds – at market (Schedule 3)		Notes Payable to Others (Schedule 5)	
Real Estate – at market (Schedule 4)		Mortgages Payable (Schedule 4)	
Autos and Trucks		Charge Accounts and Bills Payable (Schedule 6)	
Accounts or Notes Receivable		Other Liabilities (Itemize)	
Other Assets (Itemize)			
		Total Liabilities	
		Net Worth (Total Assets Minus Total Liabilities)	
<b>Total Assets</b>	<b>\$</b>	<b>Total Liabilities and Net Worth</b>	<b>\$</b>

INCOME INFORMATION			PERSONAL INFORMATION		
	Person 1	Person 2		Person 1	Person 2
Gross Salary – Annual	\$	\$	Date of Birth		
Bonus			Social Security Number		
Rental Income			Have you ever been bankrupt?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Dividend or Investment Income			Are you a defendant in any legal action?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Other income (income from alimony, child support or separate maintenance need not be revealed if you do not choose to rely upon such income in applying for credit.)			Do you endorse, guaranty, or co-sign any loan not listed above? (Schedule 7)	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
			Are you under indictment, on probation or parole or ever been convicted for a criminal offense?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Total Income	\$	\$	Are any of your taxes past due?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

Attach additional schedules if necessary

Schedule 1 CASH ON HANDS & IN BANKS				
Name of Bank	Type of Account	Maturity (if any)	Assigned to (if any)	Amount
				\$
<b>Total \$</b>				

Schedule 2 CASH VALUE OF LIFE INSURANCE					
Face Amount	Name of Insurance Company	Beneficiary	Loans on Cash Value of Life Insurance	Assigned to (if any)	Cash Value
\$			\$		\$
<b>Total \$</b>			<b>Total \$</b>		

Schedule 3 STOCKS & BONDS				
No. of Shares	Description	Owner(s) of Record	Assigned to (if any)	Market Value
				\$
<b>Total \$</b>				

Schedule 4 REAL ESTATE							
Location and Property Use	Owner(s) of Record	Year Acquired	Cost	Mortgage Balance	Held By	Monthly Payment	Market Value
			\$	\$		\$	\$
<b>Total \$</b>				<b>Total \$</b>			

Schedule 5 NOTES PAYABLE TO BANKS & OTHERS						
Name of Creditor	Type of Note	Monthly Payment	Maturity	Secured By	Endorsed or Guaranteed by	Present Balance
		\$				\$
<b>Total \$</b>						

Schedule 6 CHARGE ACCOUNTS & BILLS PAYABLE (list only amounts over \$500)				
Owed to	Type of Account	Monthly Payment	Secured by	Present Balance
		\$		\$

Schedule 7 LOANS ENDORSED, GUARANTEED OR CO-SIGNED				
Name of Borrower	Type of Loan	How obligated (endorser guarantor or co-signer)	Secured by	Present Balance
				\$
				\$



CITY OF SALISBURY



# Urban Salisbury