
2023 BUTLER DOWNTOWN REVOLVING LOAN FUND

A collaboration between the City of Butler
& Butler Downtown



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GUIDELINES:

Purpose:

The Butler Downtown Revolving Loan Fund is intended to provide financing for small business development and renovation projects to commercial or mixed-use real estate within the City of Butler.

Business development and renovation will improve the economic health and vitality of the city. Ideal projects will support the economic development goals within the city, in particular the downtown corridor, by converting a vacant or underutilized building to move it to full capacity, or by updating a business to reflect client appeal, energy efficiency, outdated or damaged areas, and equipment.

Eligible Borrower:

Any business or individual with verification of credit worthiness that possesses the capability to successfully complete the proposed project.

Use of Funds:

Permitted use of the funds may include but is not limited to:

1. Land and/or building acquisition
2. Soft costs: preparation and associated expenses such as engineering and legal costs
3. Hard costs: demolition, construction, remodeling, equipment and mechanical items such as HVAC
4. Business Expansion

Amount:

The loan amount should be for a minimum of \$15,000.

Terms and Conditions:

1. Loan will be secured, and a personal guarantee may be required.
2. Loans may not be transferred.
3. Prepayment is allowed without penalty.
4. All applicable tax obligations must be fulfilled before the loan is processed.
5. Finance period will not exceed 15 years. Finance period for equipment will not exceed 7 years.
6. Monthly fixed principal and interest payments with a chosen amortization schedule.

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Competitive Interest Rate:

The Annual Interest Rate will be set at 1.5% below the current Prime Rate at the time of application and fixed for the term. Interest rate will not exceed 3.99%.

Application Fee:

A \$100 non-refundable check made payable to "Butler Downtown" will be required after the online application has been reviewed and with the additional information required to complete the application packet for loan consideration. Amount will be applied towards origination fee at closing if loan is approved. Borrower will be contacted by Butler Downtown Loan Review Committee member.

Fees:

Borrower will be responsible all costs related to this loan, including but not limited to, appraisal, attorney fees, attorney prepared documents, documentation and recording costs.

Application Process:

The Revolving Loan online application and borrower guidelines can be found on the Butler Downtown website at www.butlerdowntown.org Please complete the application online and email to: info@butlerdowntown.org

Upon receiving the initial online application, borrower will be notified within 10 days that the application has been received and will be under review with the Revolving Loan (RL) Committee. Once reviewed by the committee, borrower will be contacted for additional information or notified the application is moving forward.

During the next step of the application process, if qualifying, borrower will work with a Butler Downtown RL loan professional to provide the necessary information to complete the loan application packet and provide the \$100 non-refundable application fee payable to "Butler Downtown". Please see below for submission requirements.

Submission Requirements:

1. Completed application, including personal and business financial statements for three (3) years
2. Copy of Sales Agreement or Deed along with any documentation supporting value of collateral such as an appraisal or sale prices of comparable properties
3. Letter of Good Standing from the City Treasurer's Office
4. Proof of Property Insurance
5. Copy of any and all required permits and/or licenses
6. Business Plan (if applicable) to include but not limited to:
 - a. Project description
 - b. Marketing Plan
 - c. Five-year Cash Flow Plan with assumptions (e.g. rental rates, maintenance & management expenses, occupancy rates, etc.) used to develop cash flow plan

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7. Building/Construction Plan
 - a. Detailed project costs with substantiating documentation in the form of quotes forequipment to be purchased, itemized contractor bids, engineer/architect estimate, etc.
8. Letter of Intent from any and all participating lenders must be included with the application at the time of submission
9. Current copy, within 30 days prior to application submissions, of Personal Credit Report for key ownership

Loan Review Process:

Once all required loan documentation has been provided, the loan application packet will be reviewed again by the RL Committee. Incomplete applications will not be presented to the RL committee.

Revolving Loan (RL) committee review meetings will be held as required in a timely manner. Borrower may be required to attend a meeting to make a brief presentation of the project and to answer any questions presented by the committee.

Upon approval of the loan application by the RL committee, the loan application will be shared with the City of Butler for final review and approval.

Operating Process:

Applications for loans will be subject to approval solely by the Butler Downtown Revolving Loan Committee and the City of Butler. Loan administration, including invoicing, will be performed by Butler Downtown.-

Payment date will be determined at the time of loan closing. Late payments will result in a fee of \$35 if payment is not received within fifteen (15) days of the due date.

Closing Process:

A Letter of Commitment is prepared by the City of Butler and will be forwarded to the borrower for signature. The Letter of Commitment states collateral requirement, terms of loan, etc. The borrower should execute the commitment letter by returning to the City of Butler solicitor*. The legal counsel will prepare the standard closing documents and perform the loan closing.

*It is recommended the borrower and the borrower's attorney review the commitment prior to closing.