



CITY OF HILLSBORO

MONTGOMERY COUNTY, ILLINOIS

447 South Main Street
Hillsboro, IL. 62049-0556
(217) 532-5566 (217) 532-6615 FAX (217) 532-5567

County Seat
Montgomery County

Established 1823

Hillsboro City Council
Regular Meeting, 7 p.m.
Second & Fourth Tuesdays

REVOLVING LOAN APPLICATION

The City of Hillsboro has established a Revolving Loan Fund to assist in financing small businesses located in the City. The purpose of the fund is to help create and retain jobs as well as economic growth for those eligible for assistance.

The fund is intended to help fill the gap in conventional financing, not to compete with conventional finance institutions or private lenders. The funds are to be used in combination with outside financing and owner equity. A private lender (bank, SBA, etc.) must provide at least 51 % of the needed loan.*

Projects which may be funded are:

1. Purchase of machinery, equipment or inventory.
2. Working capital as part of an expansion or modernization that will create or maintain employment
3. Funds may be used for construction of new facilities or additions, as well as, renovation of existing facilities.

Features of the Revolving Loan Fund are:

1. No application fee
2. No legal fees
3. No credit report fee
4. No recording fees
5. No points charge
6. Less interest
7. Terms up to (10) years
8. Personal guarantees required

*See attachments concerning our recapture strategies and managements.



CITY OF HILLSBORO

MONTGOMERY COUNTY, ILLINOIS

447 South Main Street
Hillsboro, IL. 62049-0556
(217) 532-5566 (217) 532-6615 FAX (217) 532-5567

County Seat
Montgomery County

Established 1823

Hillsboro City Council
Regular Meeting, 7 p.m.
Second & Fourth Tuesdays

REVOLVING FUND LOAN PRELIMINARY APPLICATION

PRELIMINARY APPLICATION QUESTIONNAIRE:

- A. Applicant Name:
- B. Business Name:
- C. Type of Business:
- D. New / Existing ?:
- E. Job Creation or Retention:
- F. Site:
- G. Own or Lease ?:
- H. Amount of Assistance Desired:
- I. Collateral:
- J. Brief Description of Project:



CITY OF HILLSBORO

MONTGOMERY COUNTY, ILLINOIS

447 South Main Street
Hillsboro, IL. 62049-0556
(217) 532-5566 (217) 532-6615 FAX (217) 532-5567

County Seat
Montgomery County

Established 1823

Hillsboro City Council
Regular Meeting, 7 p.m.
Second & Fourth Tuesdays

Hillsboro's Revolving Fund Recapture Strategy

The purpose of our lending money through the revolving loan program is to help stimulate economic growth in the City of Hillsboro. The loans will be used to assist with the retention and growth of existing business entities, as well as provide capital needed to start new businesses. The funds would also be used to encourage minority owned businesses and to provide incentive for established businesses to relocate in Hillsboro. One of our objectives will also be to ensure that the applicants benefit a minimum of 51% low to moderate income persons in the area. Another objective is to help increase the property and sales tax base.

Hillsboro's Revolving fund strategy is as follows: uses for funds would include site development and infrastructure extension costs, construction of new facilities or additions, as well as, renovation of existing facilities. Funds could also be used for leasehold improvements, the purchase of new or used equipment and working capital. We feel for every \$ 15,000 of funds provided one full time job should be created or retained. Full time would be a minimum of 1,950 hours worked per year. The City of Hillsboro's contribution will not exceed 50 percent of the financial obligation or \$15,000.00, whichever is less, subject to availability of funds. We will not fund projects of a speculative nature. The funds will only be used in the corporate boundaries of the City of Hillsboro. If applications exceed the annual funding, those with the greatest potential for job creation, and meeting our purpose criteria, will get first priority.

Applications will be generated by sending information to Hillsboro's existing businesses, provide RLF information to the Chamber of Commerce to include in their marketing package. The information will also be available to all organizations representing minority groups. The City will publicize the granting of RFL application acceptance at City Council meetings, this way the newspapers and radio will be able to help promote the program. Banks and Savings and Loan organizations in the City will also be made aware of the program and fund availability.

To help manage the RFL plan the City of Hillsboro will appoint members to the loan review committee. The committee shall consist of the Mayor, Finance Commissioner, City Attorney, but not limited to these peoples. The committee will review the application and make

recommendation to the City Council. The recommendation will include a description of the project, costs, source of funds, security required, special conditions, and reasons for approval or denial. All other information is kept confidential. The loan documents, including commitment agreements, liens, title policies, security recordings, transfer tax declarations, amortization schedules and security releases, shall be obtained and completed by the City Attorney. The City Clerk and Treasurer will monitor repayments of the loan, job creation and/or retention reports required to be provided semi-annually until the commitment is met. Delinquent loans, when an RLF payment becomes 10 days past due, a \$25.00 late fee will be added. At 30 days the City will send a formal letter requesting payment. Should the payment become 45 days past due the matter will be turned over to the City Attorney to pursue. All legal rights will be exercised by the City to reclaim funds. Legal counsel will be consulted during foreclosure and liquidation proceedings if events warrant. Additionally any note 45 days past due will be reported to the City Council at a regular scheduled Council meeting.

The City will not use more than 10% of the RLF revenue for administration fees. In the event the City opts to deduct fees for administration documentation will be kept for auditing purposes. Assistance provided by the RLF fund will result in at least 51% benefit to low or moderate income persons. The City of Hillsboro agrees to report semi-annually on the status of our RLF program to the Department of Commerce and Community Affairs. We will report any changes in our recapture strategy to the Department of Community Affairs for Approval. In the event of a bad loan the City will take all legal steps necessary to recover the funds.