

## **Town of East Montpelier Revolving Loan Fund Policies and Procedures**

### **Purpose**

The purpose of the East Montpelier Revolving Loan Fund (RLF) is to benefit the community of East Montpelier, Vermont. The fund will provide loans and in some limited cases grants, that increase economic activity and enhance the quality of life in the community. The specific uses of funds may include, but not be limited to, the implementation, management and administration of loan activities involving affordable housing, small business development, job creation and retention, infrastructure improvements to support community and economic development, and any other allowable legal activities in accordance with the Closeout Agreement.

The two main areas of focus for the use of funds will be affordable housing, including reducing energy consumption with emphasis on energy conservation; and economic development. Uses may include but are not limited to reconstruction, rehabilitation, renovations, demolition, acquisition, and energy conservation. Health and safety matters may take precedence. Financial support for new construction, and down payments toward home ownership are eligible uses. Economic activities may include (but not be limited to) loans for micro- and small-business development start-ups or expansion; and any other allowable legal activities in accordance with the Closeout Agreement. Primary beneficiaries will continue to be low and moderate income residents of the Town of East Montpelier.

### **Operational Structure**

The fund shall be administered by the East Montpelier Selectboard. The Selectboard will appoint a Revolving Loan Fund Advisor to provide technical expertise and guidance in the area of lending and risk management.

Loans/Grants shall be presented and recommended for approval by the RLF Advisor, and approved by a two-thirds vote of the Selectboard. The Selectboard

will follow the conflict of interest policy of the Town of East Montpelier. Any appeals will follow the process outlined in this document.

## **Eligibility**

All residents and non-resident real estate owners, non-profit entities, and for profit entities are eligible to apply for loans/grants. The purpose of the loans must conform to the purpose of the Revolving Loan Fund. Entities who are delinquent with property taxes (or fees) to the Town of East Montpelier are not eligible until all delinquencies are paid or have an approved repayment plan in place and current.

Speculative real estate development is not an eligible activity.

All loans are subject to any government (state, federal or local) guidelines and regulations regarding monies available. The use of Program Income shall be subject to all requirements governing the use of Vermont Community Development Program (VCDP) funds, and the Closeout Agreement, including those set forth in the Federal Act and Federal Regulations.

## **Loan Fund Process**

Each year in June, the RLF Advisor will make a recommendation to the Selectboard regarding use of the funds accumulated throughout the year. The recommendation will suggest one of three options:

- Allow funds to accumulate (no action)
- Commit/open funds for housing project(s)
- Open funds for applications for small business loans

If the recommendation is for a housing project(s), details of the proposed project or lending program will be included with the recommendation. If the recommendation is for small business loans, the recommendation will include details on division of internal and proposed outside services to market, underwrite, and service the loans, as well as proposed loan policies and terms.

## **Policies Document Amendment Process**

This document will be reviewed by the Selectboard every two years. Amendments shall be approved by a two-thirds vote of the Selectboard.

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