

RACK REVOLVING LOAN FUND

LOAN AMOUNTS OF \$5,000+



Purpose:

The Redevelopment Authority of the City of Kaukauna administers a revolving loan fund that helps existing and prospective commercial property owners make needed improvements to their buildings and land. The objectives of the program are to:

- Encourage business ownership
- Improve downtown curb-appeal
- Increase tax base
- Encourage the leveraging of new private and public investment in the City particularly in land and buildings
- Encourage local and engaged property ownership
- Create and retain a diverse mix of employment opportunities
- Assist businesses distressed by natural disasters or other damaging events
- Perpetuate a positive and proactive business climate which encourages the retention and expansion of existing businesses and helps to attract desirable new businesses

Eligible projects can be as small as replacing an awning or as big as purchasing and rehabbing a building. The key is that the project must benefit the community in some way. Potential benefits include, but are not limited to:

- Increased tax value
- Improved curb appeal/aesthetics
- Safety or security upgrades
- Accessibility improvements
- Job creation or retention
- Improved building longevity
- New or retained business
- Providing needed services in the City

ELIGIBILITY FOR RACK REVOLVING LOAN FUND

The following are guidelines for determining eligibility. If you are unsure if your project is eligible, please contact the Planning and Community Development Director to discuss.

Eligible Applicants

Business owner or commercial building owner wishing to make structural or cosmetic improvements which will provide benefit to the community. Improvements may be made to commercial and/or residential portions of the property.

Eligible Activities

Program loans shall be available to eligible applicants for the following activities:

- The acquisition of land, buildings, and fixed equipment.
- The construction of buildings and fixed equipment
- Internal or external building improvements
- Land improvements
- The clearance, demolition, removal or rehabilitation of buildings and improvements.
- Soft costs related to eligible activities, such as engineering, architecture, and surveying
- In some cases, moveable equipment is eligible, but requires case-by-case review by RACK

Ineligible Activities

Program loans shall not be available for the following activities:

- Payroll costs.
- Refinancing or reimbursement for expenditures made prior to loan approval.
- Equipment which has a depreciable life of less than five (5) years, such as office equipment, furnishings, or minor tools.
- Acquisition of inventory.

MINIMUM REQUIREMENTS FOR RACK REVOLVING LOAN FUND

To be eligible for funding, the proposed project must meet all following minimum requirements:

Investment of Private Funds: The applicant must leverage a reasonable amount of private funds relative to the loan funds requested. If the applicant cannot cover the full project using equity (cash, they should pursue traditional financing (bank loan before applying for a RACK loan and should apply to RACK for the amount not covered by equity and traditional financing.

Demonstration of Need: The applicant must demonstrate that the loan is necessary to make the project financially feasible after considering traditional financing (bank loan.

Financial Feasibility and Business Viability: The applicant must demonstrate that the proposed project is viable, and the business will have the financial ability to repay the funds.

Location: Activities financed under the Program must be located within the City of Kaukauna corporate limits.

Benefit to Community: The proposed project should provide a benefit to the community including, but not limited to:

- Increasing the tax assessment of the building
- Improving aesthetics inside, outside, or around the building
- Improving safety and/or security
- Improving accessibility for those with mobility challenges
- Creating or retaining jobs
- Improving longevity of the building or business
- Creating services not currently available in the community

TERMS AND CONDITIONS FOR RACK REVOLVING LOAN FUND

Loan proposals will be based on need and ability to repay. Minimum standards include the following:

Loan Amount: Loan amounts are subject to the availability of funds. There is no set minimum or maximum loan amount, however, the Redevelopment Authority of the City of Kaukauna loan amount shall not constitute the only source of funds for the project.

Interest Rate: The interest rate shall be established by the RACK board. Please check the Interest Rates Addendum for the latest guidelines.

Term: The term of the loan shall be no longer than the term of private financing. In no case shall the term exceed fifteen (15 years).

Period of Payment: The repayment schedule shall be set up for monthly payments.

Amount of Payment: Interest and principal shall be collected for the term to maturity. Interest and/or principal may be deferred for up to one year, if justified in the loan proposal.

Collateral: Reasonable security will be required for one hundred percent (100% of the loan. Collateral shall consist of a first or second lien on all assets owned and used in the business and personal guarantees.

Performance Monitoring

Private Leverage Commitments: The Planning and Community Development Director shall monitor the use of funds and the expenditure of private leverage commitments. Documentation may include invoices or receipts for materials and supplies, letters from lenders, bills of sale and canceled checks.

Default: Failure by the business to make any payment of principal or interest within thirty (30) days after the payment is due and payable shall be considered in default. In this event, all sums due and owing to the Redevelopment Authority of the City of Kaukauna shall, at Redevelopment Authority of the City of Kaukauna's option, become immediately due and payable. To exercise this option, the Planning and Community Development Director shall prepare a written notice to the company. The notice shall specify the following:

- The default.
- The action required to cure the default.
- A date, not less than sixty (60) days from the date of the notice, by which the default must be cured to avoid foreclosure or other collective action.