

VILLAGE OF JOHNSON COMMUNITY IMPROVEMENT REVOLVING LOAN FUND PRIORITY GUIDELINES

The Village of Johnson has established a revolving loan fund from the remainder revenue of a Vermont Community Development Loan originally established for the removal of slums and blights and or rectifying health and welfare threats to the community. While there are no longer any restrictions on how the money may be spent, henceforth, it shall be the Policy of the Board of Trustees to prioritize the funds in the following manner:

Eligibility:

The Revolving Loan Fund is available to entities located in the Village of Johnson and entities located in parts of the Town of Johnson that are designated as Town-Village sewer service areas. Entities located in parts of the Town that are designated as Town-Village sewer service areas are only eligible to apply for connections to municipal water and sewer services with highest priority for connections requiring line extensions of sewer mains (described below as the highest priority no 5.)

Highest Priority:

- 1) Municipal governmental uses or services deemed necessary to maintain or improve essential services and or improve the quality of life of the residents of the Village of Johnson. These may include, but are not limited to: water or sewer facility improvements, connections or extensions, Fire or General Department uses, advancement of community and economic development goals and priorities, etc. The Trustees may reserve a portion of the fund for future uses outlined in the highest priority #1.
- 2) Improvements to owner occupied and commercial buildings to: correct code, address structural and safety issues, replace or repair mechanical or structural systems, improve energy efficiency, reduce fuel consumption, and improve the value and appearance of the building. All improvements should result in an improved quality of housing or an improved economic development condition.
- 3) Small business loans for start-up, expansion and equipment; and geared toward job creation, support of economic development and provision of goods and services that benefit the community. Small businesses may include for-profit, non-profit, partnership, cooperative or proprietorship.
- 4) Improvements for special needs of the elderly and or handicapped.
- 5) Connections to municipal water and sewer services with highest priority for connections requiring line extensions of sewer mains.

Lowest Priority:

- 1) Closing costs, property inspection costs, engineering consultant fees, permitting fees, etc. associated with purchase of real estate. The intent is to enable borrowers to leverage other funding or loans toward the purchase of real estate to be used for economic development, job creation, or provision of goods and services that benefit the community.
- 2) Restoration of unique architectural features.
- 3) Landscaping and erosion control with an emphasis on improving the appearance of the property.

Lending Criteria

- Fixed interest rate: Prime minus 2% with a floor of 0.5%. Preferential interest rates for projects involving owner occupied buildings will be considered for low income borrowers.
- Minimum loan amount is \$1,000. Overall borrowing limit is \$30,000. Highest Priority no. 3 (small business loans) borrowing limit is \$10,000.
- Projects geared toward job creation and economic development may request a loan exceeding \$30,000.
- Loan term shall be determined on a case by case basis with a goal of the shortest reasonable term.

It shall be the intent of the Trustees to operate the fund as a revolving loan fund which is intended to perpetuate the priorities established and not for making outright grants to individuals. The Trustees shall have full control over the review and approval of funds and the terms and conditions of the loans. The priorities may be periodically re-evaluated and amended by the Board as needed.

Adopted by Village of Johnson Board of Trustees, this 11th day of October, 2011

Gordon Smith, Chair

George Pearlman

Walter Pomroy

Ellis O’Hear

Chris Parker