

## PHILLIPS AREA “MINI” MICRO-LOAN PROGRAM GUIDELINES

### I. OBJECTIVE

The purpose of the Phillips Area Mini Micro-Loan Program is to provide, within the context of the overall Micro-Loan Program, affordable financing to new and existing businesses in the towns of Phillips, Avon and the Unorganized Territory of Madrid in order to create or retain jobs for low/moderate income citizens.

### II. ADMINISTRATION

- A. The Town of Phillips (the “Municipality”) will be held solely responsible for the administration of the Mini Micro-Loan Program.
- B. A Phillips Area Micro-Loan Review Committee shall develop and oversee policy and procedural requirements of the Mini Micro-Loan program.
- C. Amount at Risk: The Committee shall establish the total amount of funds to be loaned out under the Mini Micro-Loan Program.

### III. LENDING CRITERIA

- A. Applicant: Applicants for Mini Micro-Loan funds must be the owner or partner of the business.
- B. Location: Businesses eligible for Mini Micro-Loan funds must be located within the boundaries of the municipalities of Phillips, Avon or Madrid.
- C. Eligible activities: Mini Micro-Loan application must be for business related activities and expenses.
- D. Amount of financing/terms: Loans are for a minimum of \$500 and a maximum of \$2,499. The term will not exceed 2 years and is expected to be 1 year in most cases. Interest rates will be fixed. The Committee will determine the rate based on the loan purpose, collateral, and creditworthiness of the applicant. Unsecured or partially unsecured loans may have interest rates higher than fully secured loans. Currently interest rates range from 5% to 10%.
- E. Job Creation and Retention: Priority will be given to businesses that create or retain jobs.
- F. Collateral Requirements: Loans using Mini Micro-Loan funds may be unsecured, partially secured or fully secured with sufficient collateral. The Phillips Area Micro-Loan Program will hold a security interest on whatever is used as collateral for the loan.

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- G. Application costs: Any costs incurred by the applicant in preparing documentation or the application for the Mini Micro-Loan will be borne by the applicant. In addition, those costs associated with legal document preparation, review, recordings, filings, and closing documents shall also be borne by the applicant.
- H. Penalties: In the event that a loan payment is 15 days in arrears, a late payment charge of 5 percent of the loan payment will be added.

### IV. LOAN APPLICATION

The Mini Micro-Loan Application process requires applicants to submit:

- A. An Application, and
- B. A Credit Report(s) obtained by the applicant from any one of the three major credit agencies. Such report(s) must include all parties to the proposed loan.

### V. LOAN APPLICATION PROCESS

- A. Loan applications for the Mini Micro-Loan Program will be evaluated on a first come, first served basis. The Committee will make every attempt to meet as soon as possible after the submission to review the application. Decisions on loans should be made within 15 days from the date a **complete** loan application package is received.
- B. Applications for Mini Micro-Loan financing will be reviewed by the Loan Review Committee. The Micro-Loan Review Committee will perform an in-depth review including eligibility and financial analysis. The borrower may be requested to supply additional material in the course of the review.
- C. Upon final review of the application, the Loan Review Committee must put the application to a vote.
- D. An unsuccessful applicant for a loan may request a review from the Loan Review Committee based on errors of fact or procedure. Such a review may not be based on judgements concerning the feasibility of the proposed project or credit worthiness of the applicant.

### VI. LOAN EXECUTION

Upon execution of a loan, the following documents will be secured as a minimum:

- Mini Micro-Loan Agreement
- Promissory Note
- Mortgage Deed (if collateralized with real estate)
- Security Agreement
- Right of Recession (if applicable)
- Truth in Lending Disclosure Statement

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## VII. TERMS AND CONDITIONS

- A. Civil Rights: The Town and applicant will be required to comply with Title VI of the Civil Rights Act of 1964 and 1968, to no discriminate upon the basis of race, color, creed, religion, national origin, handicap, age or family status.
- B. Use of Funds: All funds made available by the Program shall be used only as planned and identified in the application.
- C. Conflict of Interest: The operation and administration of this program shall comply with all applicable local, state and federal requirements regarding conflict of interest. No person who is an employee, agent, consultant, officer, or elected or appointed official of state or local government or any designated public agencies, or sub-recipients which are receiving Mini Micro-Loan funding may obtain a financial interest from the activity, or have an interest in any contract, subcontract or agreement which respect to these program activities.
- D. Bonus, Commissions, Fees, Kickbacks: It shall be strictly prohibited from any person having any connection with this program to use their knowledge, position or influent to secure any kind of a bonus, commission, finder's fee or kickback.

## VIII. CITIZEN COMPLAINT PROCEDURE

The following process will be followed in the cases of all complaints regarding the administration of the Mini Micro-Loan Program.

- A. Following a written complaint to the Phillips Area Micro-Loan Program Committee, a written response shall be given to the complainant within 10 working days of the receipt of the complaint. In cases where the complaint is verbal, the complainant will be told to submit the complaint in written form and the staff shall respond within the 10 day time period mentioned above.
- B. If the complainant deems that the response is not satisfactory in nature, the complainant shall be notified in writing by the staff to submit the complaint in written format to the Selectman of the resident's or business location's town (a Franklin County Commissioner for Madrid). The Selectman/Commissioner will confer with the Review Committee and issue a written response within 10 working days of the receipt of the complaint.

## IX. EXTENUATING CIRCUMSTANCES

In the event of extenuating circumstances, the Phillips Area Micro-Loan Committee may waive any section of these guidelines that does not conflict with local, state or federal laws and regulations, when it is deemed to be in the best interest of the program to do so.