**Goal:** To promote business growth in Jefferson County, provide easily accessible gap financing to legally operating businesses within Jefferson County and its communities.

**Objective:** The fund will provide easily accessible gap financing to legally operating businesses within Jefferson County and its communities by:

1. Encouraging financially supporting investments that enhance a businesses’ productivity or operational efficiency
2. Encouraging and financially supporting investments that enhance a businesses’ ability to compete in a global marketplace
3. Encouraging and financially supporting investments that are necessary to retain or create jobs that pay at least Jefferson County average annual wage which equates to $22.29/hr (2020BLS data).

**Loan Minimums/Maximums:** The JC RLF has the capacity to provide gap financing of up to 25% of total project costs; with a cap of $275,000. The minimum loan considered by the fund will be $25,000.

**Eligibility Criteria:** The RLF program is open and available to legal businesses within the corporate limits of Jefferson County.

**Eligible Applicants & Project Qualifications:**

(1) Applicants must be named as an owner, sole proprietor, Chief Executive Officer or other officer authorized by the business to enter into contracts with the county of Jefferson on behalf of the business seeking assistance.
(2) Eligible applicants will be representatives of legitimate for-profit businesses or proposed for-profit businesses, not engaging in the activities listed in the ineligible uses section of this document.
(3) Applicants shall not be disqualified based on age, race, color, creed, religion, sex, national origin, ancestry, handicap, physical condition, developmental disability as defined in s. 51.01(5), Wis. Stats., marital status, sexual orientation, or other form of discrimination prohibited by the laws of the State of Wisconsin or the United States of America.
(4) Applicants must submit a check for $500 payable to the JC RLF, along with a completed application and all required attachments, for the process to move forward. Please note; if the loan is approved, $250 of the $500 will be applied toward repayment of the loan. Further, if the
If the project requires an environmental review, the applicant will be responsible for all costs associated with the environmental review process.*

(5) Applicants with existing businesses will provide full financial information for three (3) years prior to the application date and financial projections for the next two years. Applicants seeking assistance for proposed new businesses will provide personal financial information for three years prior to the application date and financial projections for the next three years.

(6) Applicants must provide a description of the property and proof of ownership, if presently owned, to be used as collateral to secure the financing sought.


(8) In cases where the RLF does not have sufficient loan funds available to meet the gap financing need of the project, the staff will work to identify other alternatives to close the financing gap.

*environmental reviews are generally necessary for projects requesting loan funds for the purchase or rehabilitation of real estate.

**Eligible Uses:** Loans shall generally provide gap financing for eligible projects that will result in creating or retaining jobs in Jefferson County. Gap financing may be used for the following activities:

(1) The acquisition of land, buildings, and fixed equipment.
(2) Site preparation and the construction or reconstruction of buildings, or the installation of fixed equipment.
(3) Clearance, demolition, or the removal of structures or the rehabilitation of buildings and other such improvements.
(4) The payment of assessments for sewer, water, street, and other public utilities if the provision of the facilities will directly create or retain jobs.
(5) Working capital for inventory and/or direct labor costs.
(6) Purchase of machinery or equipment necessary to increase long-term productivity or efficiency outcomes.
(7) Purchase of hardware, software or services necessary for businesses to enhance their digital presence and/or ability to complete sales utilizing a digital platform

**Ineligible Uses/ Users:** Program funds shall not be available to certain applicants or for the activities as described below:

(1) Refinancing or consolidating of existing debt.
(2) Purchase of specialized equipment that is not essential to the business’ operations.
(3) Residential building construction or reconstruction (unless such reconstruction is intended to convert the building to a business, a mixed-use development, or an industrial operation).
(4) Routine maintenance projects.
(5) Professional services such as feasibility and marketing studies, accounting, management services, and other similar services. Note: Legal services incurred in the closing of a RLF loan are an eligible use.
(6) Land/property/stocks deemed to be speculative investments or similar companies.
(7) Real estate investment companies.
(8) Lending institutions.
(9) Gambling operations.
(10) Any expenditure related to the project but occurring prior to the loan application being approved by the Loan Review Committee.
(11) Loans that are in conflict with Section 946.13 of the Wisconsin Statutes (Private Interest in Public Contract Prohibited).
(12) Applicants with outstanding property tax liabilities are ineligible.
(13) The Loan Review Committee reserves the right to identify other ineligible uses for the program.

Minimum Project Qualifications: To be eligible for funding, a proposed project must meet all of the following minimum requirements:

(1) Private Funds Leveraged. Borrowers must provide evidence of other funds to be used to complete the project as proposed. A lenders’ letter of intent will be acceptable.
(2) Financial Feasibility and Business Viability. The applicant must demonstrate that the proposed project is viable and the business will have the economic ability to repay the funds.
(3) Project Completion. Projects shall be completed within 24 months from the date of the loan approval. Applicants shall provide the Jefferson County a project implementation schedule not exceeding 24 months for project completion and/or job creation. Please Note: should the project not be completed within the agreed-upon time frame, the project may be deemed out of compliance and the loan could be called. It is important for the borrower to work with JCEDC on any complications that may delay project completion within the agreed upon time frame.

Application Process: Prior to submitting an application, applicant shall discuss the program with the JCEDC staff. The JC RLF staff shall assist the applicant, as is reasonably necessary, in completing the application. The application will be considered incomplete if not accompanied with a check for $500 made out to the JC RLF. NOTE: All financial information shall be considered confidential. Staff may utilize the services of the SBDC at UW-Whitewater to assist applicants with financial projections or business plan development, if needed.

Timing & Review Process: Applications may be submitted at any time during the calendar year. The process to approve a loan application includes a meeting with the loan review committee. If an application is recommended for approval, the Loan Review Committee will issue a letter indicating same and setting the terms and conditions. Jefferson County Corporate Counsel will provide all loan documents necessary for the proceeds to be disbursed.
Applications shall be reviewed in the order received and based on readiness for the proposed project to proceed. In the event that multiple loan fund requests exceed available funds, applicant priority will be determined by:

(1) Eligibility of the applicants and of the project to be undertaken.
(2) The extent to which private funds are to be leveraged.
(3) The perceived impact to the business’ operations and/or the impact of the project to retain or grow jobs and the resulting wage impact.
(4) Evidence of ability to repay the loan.
(5) Size of the loan requested.
(6) Timing of the proposed expenditures.
(7) Completeness of application.
(8) Other factors as deemed appropriate.

**Loan Application:** Applicants shall submit an application using the form available from the RLF Program and adhere to the requirements set forth in this document.

**Application Review Process:** Specific steps in the review process include the following:

(1) Preliminary Review. The JC RLF staff will review the application for completeness and verify that the proposed project meets the minimum requirements provided in this document. Only complete applications will advance.
(2) Formal Review. The Loan Review Committee will meet to review an application within 30 days of the receipt of a completed application or at some other predetermined schedule. Once the review is completed and the proposal is deemed acceptable for funding, the Loan Review Committee will work with the borrower to delineate the terms of the loan.
(3) Negotiation of Terms. JC RLF staff and underwriter will contact the business in writing to review and explain the proposed terms of the loan. Once all parties agree, a closing date will be scheduled to execute the necessary loan documents.
(4) Rejection of Award. If the application is not approved, the JC RLF will send a letter to the applicant stating the reasons for rejection and offer to meet with the applicant to explore ways to strengthen the loan request or to identify alternative funding sources.

**Distribution of Funds:** Prior to releasing funds, the following documentation must be in place or provided at the appropriate time during the term of the loan.
(1) LRC approval letter: the Loan Review Committee letter indicating approval of the loan and terms, must be submitted to Jefferson County Corporation Counsel (legal counsel).
(2) Loan Agreement. A loan agreement will be prepared by legal counsel. All repayment schedules, etc. will be developed by Jefferson County Finance Director.
(3) Promissory Note. A promissory note shall be prepared by legal counsel.
(4) Loan Documents: Legal Counsel prepares the loan documents required for the individual loan. These documents may include, but are not limited to, the following:
   a) Real estate mortgage;
   b) Assignment of land contract;
c) Term loan agreement;
d) General Security Agreement;
e) UCC Filing with Secretary of State;
f) General Business Agreement;
g) Personal Guarantee;
h) Authorization Agreement for Automated Debits/Deposits
i) Any other documents deemed necessary by Counsel.

The Term Loan Agreement will spell out all of the guidelines of the loan; define default and the consequences of such action. The Agreement will enumerate how the funds will be expended and any required recordkeeping for the loan recipient.

a) The applicant must agree that he/she will not discriminate against any employee, applicant for employment, supplier or contractor due to age, race, color, creed, religion, sex, national origin, ancestry, handicap, physical condition, developmental disability as defined in s. 51.01(5), Wis. Stats., marital status, sexual orientation, or other form of employment discrimination prohibited by the laws of the State of Wisconsin or the United States of America.

b) Loan terms and conditions shall be structured on need and ability to repay. The Loan Review Committee and the JCRLF shall determine loan terms and interest rates on an individual basis. Unless the Loan Review Committee and JCRLF determine otherwise, there shall be two interest rates available to applicants. Borrowers who start repayments immediately following the loan closure will pay two percent (2%) for the entire amortization of the loan. Borrowers choosing to defer payments of principal and interest for six-months will pay four percent (4%) for the entire amortization period of the loan. The length of the amortization schedule will be determined by the Loan Review Committee in conjunction with the applicant, and is dependent upon the amount of the loan; the type of project assisted and the number of jobs affected.

Minimum standards shall include the following:

I. Loan Amount. Loan amounts are subject to the availability of program funds. No loan request exceeding 25% of total project costs will be considered.

II. Interest Rate. The interest rate shall be established by the Loan Review Committee.

III. Terms for Loans.
(a) Working capital loans shall have a maximum term of seven years.
(b) Loans for machinery, equipment and fixtures shall have a maximum term of ten years.
(c) Real estate loans shall have a maximum term of 12 years which can be amortized over 20 years with the option of refinancing for an additional 8 years.
(d) Loans shall not have a term longer than the terms of the other private financing in the project.
IV. Period of Payment. Terms may include longer amortization schedules with balloon payments. Amortization schedules shall be set up for monthly payments.

V. Repayment. Payment of interest and/or principal may be deferred during the implementation period of the assisted activity if merited in the loan application. Interest may accrue during the deferment period and may be paid in full or added to the principal amount of the loan. Following the deferral period, interest and principal shall be paid for the remaining term of the loan.

VI. Prepayment. There shall be no prepayment penalties.

VII. Collateral. The JCEDC will have the highest priority on assets securing the loan to ensure that RLF loans are adequately secured.

Default Procedures: In the event of a default or a pending default, the JCRLF will notify the loan recipient in writing of a deficiency and the subsequent actions to be taken should the payment not be made within a specified time frame. Late payments and default situations will be set forth in the Borrower’s promissory note. All payments received from applicant shall be applied first to accrued late payment penalties, then to interest accrued, and then to principal.

If an applicant anticipates or is experiencing problems with meeting reporting criteria and/or experiencing other operational problems impacting the ability to meet loan criteria, the Borrower shall contact the RLF Administrator and they or the Underwriter may work directly with the borrower to identify actions necessary to correct the identified problems or deficiencies.

Should the routine loan review process reveal evidence of problems during the loan period that may place the loan at risk of default, the account shall be turned over to Legal Counsel to initiate legal actions necessary to protect the loan and to ensure the maximum repayment of the balance due. If necessary, Counsel will initiate foreclosure proceedings or take other legal action deemed necessary to protect JC RLF’s interests.