

VILLAGE OF ARLINGTON HEIGHTS

ZERO INTEREST LOAN PROGRAM

POLICY AND PROCEDURES



Prepared by:
Village of Arlington Heights, IL
Department of Planning & Community Development
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Purpose

The Zero Interest Loan Program is designed to provide financial assistance to prospective and existing businesses and tenant spaces within the Village of Arlington Heights. The program is intended to assist companies' growth, and/or tenant space improvement, within the Village while enhancing a diverse business climate, both communitywide and regionally. An ideal applicant will show, or have the potential for, long-term growth within Arlington Heights.

Eligibility

1. **Eligible Businesses.** The following are considered eligible businesses to apply for the Zero Interest Loan:
 - Any for-profit business interested in locating within the Village
 - A for-profit business currently operating within Arlington Heights that is interested in enhancing their operation
 - A commercial or industrial property owner looking to improve their property and/or tenant space(s)
2. **Improvements.** Eligible costs may include:
 - Start-up or relocation into an Arlington Heights property
 - Expansion within current location
 - Interior build-out
 - Purchase of machinery or equipment
 - Energy efficiency improvements
 - Installation of electric vehicle charging stations
 - Upgrades to technology
 - Other improvements as may be approved by the Village that enhance occupancy rates, employment figures, and/or tax revenue
3. **Amount.** If approved, an applicant is eligible to receive a loan of up to 75% of the total project cost, not to exceed \$25,000. The applicant will accrue no interest on the loan for a maximum term of five years, but no longer than the remaining lease term. Loan amounts exceeding \$25,000 may be considered by Staff on an individual basis and would require approval by the Village Board prior to dissemination of funds.
3. **Repayment.** Loans shall become due and payable at the maximum term of the loan, with quarterly loan repayments equal to the amount and duration of the loan (e.g. – a \$20,000 loan over 5 years = 20 quarterly payments of \$1,000).
4. **Forgivable Provision.** Brick-and-mortar operations that have been open in Arlington Heights at least three years to the date of application submittal may be entitled to forgiveness of 20% of their loan (dependent upon value of loan fund at that time). In order to be eligible, every quarterly repayment of the first 80% of the loan value, as well as any other payments to the Village (utilities, etc.), must be received on time and not past due.
5. **Ownership.** Eligible applicants must be the business owner(s) or building owner(s). All proposed improvements to the interior of the space must be submitted with written consent from the property owner(s).
6. **Fees.** Professional, legal, architectural, and Village permit fees may be included, if appropriate, as eligible costs.
7. **Conformance.** All improvements must conform to all building and zoning codes of the Village of Arlington Heights.

8. **Loan Structure.** Applicant's cash flow must be greater than debt service on loan. The structure for these loans shall be as follows:
- (a) The Village shall loan up to 75% of the requested eligible costs at 0% interest, to be repaid quarterly over the term of the loan. The loan shall not exceed \$25,000, barring requests that the Village deems appropriate and are approved by the Village Board. The term shall not exceed five years.
 - (b) Loan funds will be disbursed to the applicant in the form of a check, typically approved by the Village Board as part of the Village's warrant register. This is usually granted after the applicant has been approved by the Loan Committee and has signed a formal loan agreement.
 - (c) Loan funds will be made available on a need basis and only for credit-worthy businesses. Loans will be secured by lien on collateral. Collateral may include business or personal real estate property in the name of the applicant. Other personal or corporate guarantees may be required.
 - (d) The applicant must provide proof of financing and equity to pay for the remaining eligible improvement expenses.
 - (e) The loan shall not be paid out until all the following have occurred:
 - The project's construction drawings and financial structure have been approved;
 - All related Village departments have completed and signed any related permits or forms;
 - All loan agreements have been duly executed and properly recorded.
 - (f) The Village of Arlington Heights, at its sole discretion, reserves the right to decline applications or withhold loan payments for any reason.
9. **Expiration.** Eligible businesses will be provided loans in the order in which they were approved. This program is subject to availability of funding and may be terminated by the Village.

Procedural Requirements

All applicants must submit the following documents to the Department of Planning & Community Development:

- A. Zero Interest Loan Application Form (attached)
- B. Executed Lease / Letter of Intent or Purchase Agreement
- C. Business Plan or Detailed Business Narrative
- D. Legal Description of Property
- E. Square Footage of Space
- F. Current Number of Employees and Employment Projections for the Next Five Years
- G. Quotes / Cost Estimates for All Purchases and Services Related to the Requested Loan
- H. Financial Projects for Lease Term
- I. Additional Documentation or Information if Deemed Necessary by the Village

The Village will conduct credit checks on all owners of the company. Village Staff may require submittal of real estate appraisals. The Village may also conduct title searches and background investigations if needed. These costs are to be incurred by the applicant.

Businesses conducting interior build-out and/or expansion must also submit the following:

- Square footage of the planned build-out
- Any remodeling plans (including sample materials and color samples)
- Detailed cost estimates/quotes of expenses requested under the loan

All plans must follow appropriate design guidelines and code requirements. A separate request for a building permit, sign permit, electrical permit, or other similar permits or licenses shall be submitted to the Building Department, or other responsible department.

Upon Loan Committee approval, the Village of Arlington Heights Department of Planning & Community Development will issue a letter of approval, and prepare the necessary loan agreements for the applicant's signature. Improvements made prior to the approval of the application, letter of approval, and execution of the agreement may be ineligible.

Approval Process

In order to gain approval for the loan request, the applicant must go through the following steps:

1. Preliminary discussion with the Department of Planning & Community Development
2. Submittal of application
3. Loan Committee Review
4. Execution of Loan Documents
5. Disbursement of Funds

Federal, State, and Local Requirements

In order to qualify for the Zero Interest Loan Program, the business owner or property owner must agree to a lien to be placed on personal property, or a like surety, for the period of the loan. The business owner must complete the application, and must be prepared to comply with all federal, state and local regulations. The Village of Arlington Heights Department of Planning & Community Development will administer the Zero Interest Loan Program.

There will be various fees that may be related to the processing and recording of the loan. These fees will include a credit check, and may also include an appraisal, title search, and lien recording. The fees will be deducted from the final loan dispersal amount. Estimates of fees and tentative costs are as follows:

- Credit Check = \$30-\$35
- Lien Recording = \$100-\$150
- Title Search = \$100-\$150
- Residential Appraisal = \$250-\$300 (if necessary)
- Security Search = \$125-\$150 (if necessary)

Actual amounts will vary. These are estimates only, based upon approximate service costs. Please call (847) 368-5200 for further information, copies of any documents, or to set up an appointment.

ZERO INTEREST LOAN PROGRAM

Instructions to Applicants

This is a preliminary instruction form to assist eligible applicants in preparing the necessary submittals for the Zero Interest Loan Program. Please refer to pages 2 and 3 of this packet for eligibility criteria.

Procedure for applying for the Zero Interest Loan:

1. Applicant must set up appointment with Staff from the Planning & Community Development Department to discuss need for the loan. An appointment can be made by contacting the office at 847-368-5200.
2. The applicant will submit the following materials to Planning & Community Development Staff for review:
 - a. The Zero Interest Loan application, completed in its entirety
 - b. An executed lease and/or letter of intent, or purchase agreement
 - c. A business plan or detailed business narrative
 - d. An accurate and updated legal description of the property
 - e. Square footage of the space in which the applicant will be utilizing the loan funds
 - f. The number of employees, both full-time and part-time, currently working for the applicant, as well as employment projections for the five years following the submittal
 - g. Quotes or cost estimates for all purchases and services requested to be paid for, partially or in whole, under the Zero Interest Loan
 - h. Any additional documentation or information as requested by the Village
3. Applicants conducting interior build-out and/or expansions of space must also submit the following information with the application:
 - a. Square footage of the proposed build-out or expansion
 - b. Any remodeling plans (including sample materials and color samples)
 - c. Detailed cost estimates and/or quotes of expenses requested under the loan
4. After completing the application and supplementary materials, applicants will be contacted for a meeting with Staff to review those documents. Applicants may be asked to resubmit any and all documents, with requested changes made by Staff, in order to gain a favorable recommendation.
5. The Loan Committee will review for approval.
6. A letter of approval will be issued (assuming Loan Committee approval).
7. Execution of loan documents.
8. Distribution of funds.

Application # _____

Zero Interest Loan Program

Submittal Checklist

Application Information

- Completed Zero Interest Loan Program application
- List of existing business debt for all business owners
- Calculation of net worth for all business owners
- Square footage of tenant space(s)
- Current number of employees, broken down by full-time and part-time, and projected employment over next five years
- Signed and notarized *Statement of Understanding* by all business owners
- Signed *Credit Check Authorization Form* by all business owners
- Copies of remodeling plans (where appropriate)

Additional Documentation

- Certificate of liability insurance
- Invoices, quotes, and/or receipts regarding eligible expenses
- Business plan and/or business narrative
- Financial projections for lease term (or up to five years)
- Copy of lease or contract to purchase
- Copy of warranty deed(s) for real estate property owned by business owners
- Letter verifying that business owner(s) agree to allow Village to place lien on real estate property in the amount of the loan (to be lifted once loan is repaid in full)

ZERO INTEREST LOAN PROGRAM APPLICATION

I. Name of Business (DBA): _____
Legal Name of Business: _____
Number of Years Business has been in Existence: _____
Number of Years Business has been in Arlington Heights: _____
Legal Names of All Business Owners: _____

Current Address of Business: _____

Future Address of Business: _____

Bus. Owner(s) Home Address: _____

Property PIN Number(s): _____

Business Owner Phone: _____

Business Owner E-Mail: _____

II. Property Owner(s) Name: _____

Prop. Owner(s) Business Address: _____

Prop. Owner(s) Home Address: _____

Property Owner(s) Phone: _____

Property Owner(s) E-Mail: _____

Other Businesses Owned (name and address): _____

III. Federal Employee ID # (FEIN): _____

Gross Sales Revenue (if applicable): _____

IV. Current Square Footage: _____

Square Footage After Expansion (if applicable): _____

V. Description of Business (include type of operation, and number of employees):

VI. Business Debt

Please include all term loans, credit lines, commercial mortgages, and credit cards used for business:

<u>Bank/Creditor</u>	<u>Term/Line</u>	<u>Current Balance</u>	<u>Amount of Line</u>	<u>Monthly Payment</u>	<u>Type of Collateral</u>

VII. Personal Information

Please provide the following information on all owners who own 20 percent or more of the business:

First Name: _____

Middle Initial: _____

Last Name: _____

Date of Birth: _____

% Ownership in Company: _____

Home Address: _____

City/State/ZIP: _____

Home Phone Number: _____

Monthly Mortgage (PITI)/Rent: \$ _____

Total Other Monthly Payments: \$ _____

Bank Name: _____

Please provide the following financial information (or provide IRS tax filing / business audit):

Salary from this Business Last Year	\$	Explanation:
Other Household Income	\$	
Total Income	\$	
Cash Equivalents	\$	
Other Assets (house, auto, etc.)	+\$	
Total Assets	=\$	
Total Liabilities (mortgage, credit cards, etc.)	-\$	
Net Worth	=\$	

VIII. Insurance

Please attach a copy of each of the following:

- General Liability Insurance
- Current Title Insurance on the Property
- Commercial Property Insurance

IX. In reference to the eligibility criteria, describe the need for the loan:

X. If Applicable, Plans/Drawings Prepared By:

Name: _____

Address: _____

Phone (Work): _____

Estimated Cost of Renovation/Expansion: \$ _____

XI. Credit Check Authorization and Certification

The Village of Arlington Heights, Illinois is authorized to make whatever credit inquiries that they may deem necessary in connection with this application for a loan, or in the course of reviewing or administering the loan as issued in connection with this application. The undersigned authorizes any person or reporting agency to compile and furnish to the Village of Arlington Heights any information requested by the Village in connection with the application. Any such information furnished to the Village by any person or any reporting agency shall remain the property of the Village whether or not the Village approves this application.

XII. Statement of Understanding:

- A. The Applicant agrees to comply with the guidelines and procedures of the Zero Interest Loan Program, as well as the recommendations of the Village of Arlington Heights Planning & Community Development Department.
- B. The Applicant further understands the need to submit detailed cost documentation, copies of building permits, and all contractors' waivers of lien upon completion of work.
- C. The Applicant, owners and all contractors must comply with all federal, state and local regulations.

This application for the Zero Interest Loan Program is hereby believed to be complete and accurate.

By: _____
(Business Owner)

By: _____
(Business Owner)

STATE OF ILLINOIS)
COUNTY OF COOK)
VILLAGE OF ARLINGTON HEIGHTS)

The foregoing petition was acknowledged before me by _____ on the _____
[Name of Notary]
day of _____, 20__.

By: _____
(Notary Public)

Application to be returned to:

Village of Arlington Heights
Department of Planning & Community Development
33 S. Arlington Heights Road
Arlington Heights, IL 60005-1499
Phone: 847-368-5200
Fax: 847-368-5988
Website: www.vah.com