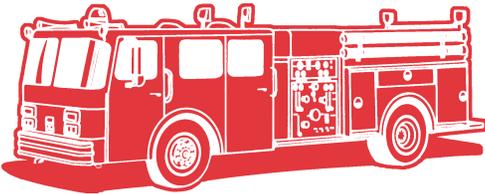


9. **Guarantees:** All loans shall have the unlimited guarantee of the borrowers and principal owners of the borrower.
10. **Prepayment:** There shall be no prepayment penalty.
11. **Loan Disbursements:** FSLP loan proceeds shall be issued in the form of 2-party checks to the borrower and vendor.

The Pawtucket Business Development Corporation reserves the right to review and consider each application on its own merits and deviate from the guidelines as the PBDC, in its sole discretion, as it deems necessary and appropriate.



For more information contact:

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*Rhode Island's
Creative Community*

PAWTUCKET'S
BUSINESS
DEVELOPMENT
CORPORATION



FIRE SAFETY
LOAN PROGRAM
GUIDELINES

Donald R. Grebien
Mayor

PURPOSE:

Pawtucket's Business Development Corporation's (PBDC) Fire Safety Loan Program (FSLP) encourages property owners and long-term lessees to continue or expand the use and reuse of existing buildings in Pawtucket. PBDC will provide below-market rate loans to the owners and long-term leaseholders of existing commercial properties to assist them in meeting the requirements of the RI Fire Safety Code.

ELIGIBLE ACTIVITIES:

The FSLP loan proceeds can be used to finance permanent property improvements that install or upgrade equipment necessary to meet the RI Fire Safety Code for occupancy and use.

Under the FSLP, fire safety equipment or systems shall mean any device or system that protects structures or people from damage, injury or destruction by fire, or that minimizes the effects of fire, including fire detection systems; fire suppression systems; improving or adding means of egress; fire-related mechanical, electrical and plumbing systems; and the costs of engineering and permitting. Refinancing is not an eligible activity.

ELIGIBLE BORROWERS:

Eligible borrowers include property owners and lessees (provided that the lease will extend at least 6 months beyond the date when the loan must be repaid). In mixed-use buildings, any improvements to residential units must meet Community Development Block Grant (CDBG) income eligibility requirements. Improvements to live-work space shall be considered improvements to commercial space to the extent permitted by applicable funding sources.

Ineligible borrowers shall include those borrowers ineligible under other PBDC loan programs. Special provisions may be made for restaurants but they must meet the requirements of a restaurant, not a bar or tavern.

APPLICATIONS:

Completed application forms with all attachments are required to be submitted. Applications must also include a business plan with 2 years of financial projections.

GUIDELINES FOR LOAN TERMS AND CONDITIONS:

1. *Loan Amounts:*

- a. Maximum Loan Amount: \$30,000
- b. Minimum Loan Amount: \$3,000

2. *Small Projects:* Small projects are defined as those with a project cost **under \$30,000.**

For a FSLP project with costs up to \$30,000, the FSLP loan may pay for up to 90% of the eligible project costs. The balance of the cost (10%) shall be paid by the borrower in the form of cash equity or lender debt. All funds must be available at the FSLP loan closing. For example, a project costing \$28,000 would be eligible for a FSLP loan of \$25,200 (90% of project cost). The balance of the costs, \$2,800 (10% of costs) would be paid by the borrower.

3. *Large Projects:* Large projects are defined as a project costing **over \$30,000.**

In cases where the total project cost exceeds \$30,000, the FSLP loan may pay up to 90% of the eligible costs, however, the FSLP loan shall not exceed \$30,000. The balance of the project cost shall be paid by the borrower and at least 10% of the total eligible project cost must be paid in the form of cash equity. Borrowers must provide the balance in the form of debt or equity. First example: A project with a total cost of \$32,000. The FSLP loan could be up to \$28,800 (90% of the total project cost) and would require \$3,200 cash equity (10% of the total project cost). Second example: A project costing \$40,000 would require a 10% equity contribution (\$4,000) combined with a FSLP loan of up to \$30,000 (the maximum loan amount) and \$6,000 in secondary financing or cash.

4. *Repayment:* Monthly payments of the principal and interest are required.
5. *Interest Rate:* The interest rate shall be established on the business day prior to the loan closing as the 5-Year Federal Home Loan Bank Classic Advance Rate, less 50 basis points (0.50%). The interest rate shall be fixed for 5 years and will be reset to the same benchmark for the next 5 year period 30 days prior to the 5th anniversary date of the loan closing.
6. *Term of the Loan:*
 - a. Loans equal to or exceeding \$10,000 shall have a loan term of up to 15 years. The repayment schedule for the loan may be calculated on a 20-year amortization period, with a balloon payment of the unpaid principal balance at the end of 15 years
 - b. Loans of less than \$10,000 may have a loan term of up to 10 years. The repayment schedule for the loan may be calculated on a 20-year amortization period, with a balloon payment of the unpaid principal balance at the end of the 10 year period.
7. *Loans to Lessees:* FSLP loans may be granted to lessees, provided that the lease extends 6 months beyond the term of the loan. Loan terms may be adjusted to accommodate lease terms. The lessor must give written permission for the work to occur.
8. *Collateral:* PBDC will seek the best collateral position possible to ensure that the FSLP loans are adequately secured. For building owners, the collateral shall be a lien upon the real estate. For lessees, the collateral shall be sufficient business assets. All loans are subject to sufficient collateral, whether in the real estate, business or other assets of the borrower.

(Over)