



City of Burlington, Vermont Revolving Loan Fund Program

**GUIDELINES
March, 2023**

1.0 INTRODUCTION

In response to the ongoing hardships related to the extensive economic and social impacts resulting from the COVID-19 pandemic, the City of Burlington is launching The Burlington Revolving Loan Program (BRLP) using \$400,000 of American Rescue Plan Act (ARPA) funds.

The primary objective of the BRLP is to support locally-owned businesses that were impacted or disproportionately impacted by the COVID-19 pandemic, with particular focus on black, indigenous, and people of color (BIPOC) and other underserved businesses (defined as those owned by women, LGBTQA+, veterans, and persons with disabilities). The BRLP will provide much needed access to no-interest capital designed to stimulate small business growth and help Burlington's unbanked populations to start and grow their businesses.

Loans will range in size from \$10,000 to \$40,000, and applicants must use these funds for a business within the City of Burlington.

Applications will be accepted on a rolling basis until funds are depleted. Loan repayments will revolve and be loaned out to new borrowers in perpetuity.

For any and all questions and concerns, please reach out to the Community and Economic Development Office (CEDO) at business@burlingtonvt.gov.

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2.0 PROGRAM REQUIREMENTS

2.1 ELIGIBILITY AND TERMS

Eligible businesses may be awarded funds from \$10,000 to \$40,000.

I. ELIGIBLE APPLICANTS

- Locally-owned businesses that are located in the City of Burlington. This is defined as a brick-and-mortar business in Burlington, a home-based business in Burlington, or businesses that operate in Burlington for the majority of the year (whether a business qualifies as a Burlington business will be determined by the loan review committee).
- Applicant must be current on taxes and terms of existing City financial assistance.
- Applicant must be a registered business with the State of Vermont.

ii. INELIGIBLE APPLICANTS

- Individuals, non-profits, government entities, and national brands
- Businesses located outside the City of Burlington
- Businesses not registered with the State of Vermont
- Businesses involved in the industries of firearms or cannabis, liquor stores, and smoke shops

iii. TERMS

- Maximum request: \$40,000
- Minimum request: \$10,000

iv. FEES

- Application Fee: \$25
- Administration Fee: 2% of total loan amount

v. RATES

- Interest Rate: 0%

vi. TERMS

- Loan Term – up to 5 years

2.2 PROGRAM SERVICE AREA

Financing under this Program is available to eligible businesses operating within the City of Burlington jurisdictional boundaries.

2.3 FUNDING SOURCE

The Burlington Revolving Loan Program (BRLP) is funded through the American Rescue Plan Act (ARPA) funds provided to the City of Burlington through the Coronavirus State and Local Fiscal Recovery Funds (SLFRF).

2.4 ELIGIBLE USE OF FUNDS

Loan funds may be used for the following eligible costs:

- Loans from the BRLP may be used for working capital, inventory, equipment, rent, furniture, and fixtures.
- A loan may be used for rent, but not for back rent.
- A loan from the BLRP may not be used to refinance existing debt.

2.5 INELIGIBLE USE OF FUNDS

Funds under this Program may not be used to:

- BRLP loans may not be used to reimburse expenses incurred prior to applicant approval of loan
- A loan may not be used to pay off debt of any kind held by the business

- A loan may not be used to support national brands
- A loan may not be used to support businesses involved in the industries of firearms and cannabis, liquor stores, and smoke shops

3.0 PROGRAM DETAILS

3.1 APPLICATION PROCESS

The BRLP application process takes place in two stages Part I and Part II.

- i. **Part I.** During Part I, applicants will be requested to fill out an application form to supply both personal and business information in order to assist the City in determining eligibility and alignment with the mission of BRLP. Applications will be scored based on the following criteria:
 - **Impacts the BIPOC community** – Business is owned by or positively impacts the BIPOC community.
 - **Impacts Underserved Communities** – Business is owned by women, LGBTQA+, veterans, or persons with disabilities and business positively impacts these communities.
 - **Geography** – Business is located within or near Burlington’s Neighborhood Revitalization Strategy Area ([view map](#)).
 - **Sustainability** – Business addresses environmental sustainability or incorporates environmental sustainability considerations into its operations.
 - **Impact and Innovation** – Business strongly serves Burlington community jobs, affordable goods and services and/or is innovative.
 - **Commitment** – Owner demonstrates commitment to start-up and growth.
 - **Feasibility** – Proposed loan use is thought out, detailed, and achievable.
- ii. **Part II.** Following scoring, the City will notify successful applicants that they are invited to submit Part II of the application. Part II of the application will provide the financial information required to determine financial feasibility and for the loan underwriting process.

3.2 REQUIRED APPLICATION DOCUMENTS

- i. **Part I.**
 - Completed Part I Loan Application
 - Application fee of \$25 payable by check to the City of Burlington, CEDO, with a memo noting “loan application fee”
 - Proof of Vermont business registration
 - Business plan narrative, pitch deck, or business model canvas

ii. **Part II.**

- Completed financial workbook including personal financial statement, business balance sheet, profit and loss, and cash flow projections (template will be provided)
- Last year's personal tax return
- Previous business tax returns (2 years if available). Please note this may replace the historic profit and loss statement.

3.3 APPLICATION REVIEW

Applications to the BRLP are presented by applicants to City staff and the BRLP Loan Review Committee. Staff will convene a review committee to review the applications and score them according to the scoring criteria. Applications that fit the eligibility requirements and score highly will be recommended for approval until all funding is exhausted. Repayments into the Burlington Revolving Loan Program will revolve and be relented to new borrowers in perpetuity.

3.4 PROGRAM ADMINISTRATION

The City of Burlington will:

- Originate the Burlington Revolving Loan Fund Program
- Market the BRLP with targeted promotion among BIPOC and underserved business community members
- Establish a loan review committee of no fewer than 5 individuals, at least two of whom shall be City staff
- The review committee shall develop an application process and underwriting criteria, and will review all applications and request further information as needed
- Ensure timely disbursement of funds and collection of loan repayments
- Maintain agreement documents and fiscal records
- Administer loans in compliance with Coronavirus State & Local Fiscal Recovery Funds guidelines as set forth in the Final Rule dated April 1, 2022 by the United States Department of the Treasury

3.5 LOAN TERMS AND CONDITIONS

The Burlington Revolving Loan Program is designed to provide access to capital to underserved Burlington businesses, allowing them to grow their business and increase their profits, to close the racial and gender-wealth gaps, and to respond to economic impacts of the COVID-19 pandemic. Terms and conditions are determined by material submitted in the application.

- Loan– the funding is in the form of a 0% interest loan

- Businesses must provide a detailed description of the planned use of funds including:
 - A detailed explanation of how the funds will be used
 - The time period in which the funds will be spent
- Amount – \$10,000 to \$40,000 in loan funds
- Non-refundable Application Fee of \$25
- Non-refundable Administration Fee of 2% of total loan amount

4.0 PROGRAM OPERATIONS

4.1 EQUAL OPPORTUNITY COMPLIANCE

The Burlington Revolving Loan Program will be implemented in ways consistent with the City's commitment to State and Federal equal opportunity laws. No organization shall be excluded from participation in, denied the benefit of, or be subjected to discrimination under any program or activity funded in whole or in part with these funds on the basis of his or her religion, religious affiliation, age, race, color, ancestry, national origin, sex, marital status, familial status (number or ages of children), physical or mental disability, sexual orientation, or other arbitrary cause.

4.2 APPLICANT CONFIDENTIALITY

All personal and organizational financial information will be kept confidential to the extent permitted by law.

4.3 DISPUTE RESOLUTION/APPEALS PROCEDURE

Businesses whose applications are not selected or not deemed eligible have the right to appeal the decision of the City, limited to procedural errors in the selection process. In the event that no such procedural errors are found to have occurred, the decision of the City shall be final. An aggrieved applicant may, within seven (7) business days after notification of non-selection, appeal in writing to the Director of the Community and Economic Development Office or their designee. The appeal must state all facts and arguments upon which the appeal is based. The Director, or the appointed designee, will review the content of the Burlington Revolving Loan Program Guidelines, the application, and the facts which form the basis for the appeal. The Director, or the appointed designee, will render a written decision within thirty (30) business days of the receipt of the appeal.

4.4 EXCEPTIONS / SPECIAL CIRCUMSTANCES

The City reserves the right, at its sole discretion, to deviate from policies and procedures in extenuating or special circumstances and when financial hardship has been documented. A request for exception to program guidelines shall be submitted to staff in writing by applicant. Exceptions are defined as any action which would depart from policy and procedures stated in the guidelines.

4.5 LOAN CLOSING PROCESS

Upon successful completion of application process, City staff will prepare the loan closing documents. After closing, the City staff will prepare invoice requests and

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initiate the payment process. Funds will only be disbursed to borrowers for documented eligible projects.