

## LOCAL CONTACTS

For additional information regarding the City of Sparta Economic Development Revolving Loan Fund Program Contact:

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201 W. OAK STREET  
SPARTA, WI 54656

City of Sparta

Economic

Development

Loan Fund

For  
Small Business Start-ups  
And  
Business Expansions



## PROGRAM DESCRIPTION

The City of Sparta Economic Development Loan Fund Program was set up to utilize the money that the City received from several Community Development Block Grants through the Wisconsin Department of Commerce. This program serves the City of Sparta with help for new business start-ups, business expansion and business retention.

## ELIGIBILITY REQUIREMENTS

Businesses must meet certain eligibility requirements in order to receive funding from the loan RLF program, including:

- Businesses must be willing to create or retain at least one full-time equivalent job for each \$20,000 of RLF monies requested.
- Businesses must make 51% of the jobs created or retained available to low and moderate income individuals (posting open jobs with Monroe County Job Center fulfills this requirement).
- Financial & Business Feasibility. Businesses must demonstrate that the project will have the ability to repay the funds.
- Business establishments must be located or willing to locate within the City of Sparta.

## FINANCING GUIDELINES

Each loan application will be evaluated individually by the Community Development Block Grant Committee using the following guidelines:

**Leverage:** At least 50 percent of the total project costs must be funded through private resources, such as loans from financial institutions and new equity injections.

**Loan Amounts:** The minimum loan amount is \$5,000 and the maximum loan amount will be determined by the CDBG Committee and availability funds.

**Interest Rate:** The interest rate, loan term, penalty interest and repayment schedule are to be negotiated and set by the Committee. As a general rule, interest rates shall not be lower than 2%, principal payments could be deferred up to two years and interest payments will not be deferred longer than one year.

**Collateral:** Reasonable security will be required for 100% of the loan. Collateral may consist of a first or second mortgage and/or security agreement on all assets to be purchased with loan proceeds, a lien on all other assets owned and used in the business and personal guarantees.

**Immediate Repayment:** The loan will become immediately due and payable if the business closes or leaves the City of Sparta.

## USE OF FUNDS

Funds may be used to assist a business in:

- Acquisition of real estate and fixed equipment.
- Expansion and remodeling material costs.
- Working capital for inventory and direct labor costs.
- Buyouts by purchase of assets or stock.

Ineligible Activities: Refinancing, rolling stock, promotional activities, legal fees and other "soft" costs.

## APPLICATION PROCEDURES

- Contact City of Sparta, at 201 W. Oak St. (608) 269-4340 to obtain an application.
- Upon submittal of the application City staff will inform the applicant of any deficiencies within 15 working days.
- Once the application is complete, the Economic Development Committee will make a determination regarding funding.
- Upon approval by the Committee, the application will be forwarded to the City Council for a final funding determination.