

# **VILLAGE OF ARLINGTON HEIGHTS**

## **ZERO INTEREST LOAN PROGRAM**

### **POLICY AND PROCEDURES**



Prepared by:  
Village of Arlington Heights  
Department of Planning & Community Development  
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**VILLAGE OF ARLINGTON HEIGHTS**

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## Purpose

The Zero Interest Loan Program is designed to provide financial assistance to prospective and existing businesses within the Village of Arlington Heights. The program is intended to assist companies' growth 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
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
  - 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 50% of the total project cost, not to exceed \$20,000. The applicant will accrue no interest on the loan for a maximum term of five years, but no longer than the remaining lease term.
4. **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 \$5,000 loan over 5 years = 20 quarterly payments of \$250)
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 50% of the requested eligible costs at 0% interest, to be repaid quarterly over the term of the loan. The loan shall not exceed \$20,000. The term shall not exceed five years.
  - (b) Loan funds would be made available to be paid to contractors for eligible expenses when the appropriate papers (waivers of lien, proof of payment, proof of labor law compliance, and other requirements) have been filed.
  - (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. 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, and subject to available funding. 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
- C. Business Plan
- 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. The Village May Require Additional Documentation or Information if Deemed Necessary

Village Staff may require submittal of real estate appraisals. The Village will also conduct credit checks, title searches, and background investigations. 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 Certificate of Eligibility, and prepare the necessary loan agreements for the applicant's signature. Improvements made prior to the approval of the application, notice to proceed, 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 appointment with the Department of Planning & Community Development
2. Submittal of application
3. Review meeting with the Department of Planning & Community Development
4. Loan Committee Review
5. Execution of Loan Documents

### **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 the property or 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 related to the processing and recording of the loan. These fees may include a credit check, appraisal, title search, and recording. The fees may be paid with the application or included in the loan. Examples of fees and tentative costs are as follows:

- Credit Check = \$30-\$35
- Lien Recording = \$40 for the first two pages. \$2 per each additional page.
- Residential Appraisal = \$250-\$300 (if necessary)
- Title Search = \$50
- Security Search = \$125-\$150 (if necessary)
  - Checks for ownership per last recorded deed and any open liens/mortgages on the property

Actual amounts will vary. These are estimates only, based upon 2014 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
  - c. A business plan
  - 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 Certificate of Eligibility will be issued.
7. Execution of loan documents.
8. Distribution of funds.

**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): \_\_\_\_\_

Business Bank Name: \_\_\_\_\_

Checking Balance: \_\_\_\_\_

Gross Sales Revenue (if applicable): \_\_\_\_\_

Type of Business (circle one):           Sole Proprietor  
  Corporation  
  General Partnership  
  Limited Liability Company  
  Limited Partnership  
  Other: \_\_\_\_\_

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	\$	Source(s) of other income:
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:

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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](http://www.vah.com)

**BACKGROUND CHECK AUTHORIZATION**  
**\* CONFIDENTIAL \***

I authorize and empower the Village of Arlington Heights and its representatives, any consumer reporting agency, or other outside service company engaged by said organization for this purpose, now or subsequently, to obtain, prepare, use and furnish information concerning my current and former employment, education, credit, general reputation and other relevant information, through correspondence or personal interviews with neighbors, friends or others with whom I am acquainted or who may have knowledge concerning any of the above items.

I am aware and understand that my fingerprints will be taken and used to check the criminal history record information files of the Illinois State Police and the Federal Bureau of Investigation. I further understand that I have the right to challenge any information disseminated from these criminal justice agencies regarding me that may be inaccurate or incomplete.

Upon written request, I understand that said organization will provide me with information regarding the scope of the investigation if one is made.

I release the Village from any liability for damages resulting from conducting the background investigation.

I certify that I have read this authorization form and understand its meaning and purpose.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Date of Birth\*

\_\_\_\_\_  
Address

\_\_\_\_\_  
Sex\* & Race\*

\_\_\_\_\_  
City, State, ZIP

\_\_\_\_\_  
Social Security Number

\_\_\_\_\_  
Driver's License Number / State of Issuance

\* Sex, Race and Date of Birth are personal identifiers that will not be used in the licensing decision.