

**CITY OF MANGUM
REVOLVING LOAN FUND POLICIES AND PROCEDURES**

PURPOSE AND USE: The City of Mangum Revolving Loan Fund (RLF) is established to assist in promoting economic development, re-development and revitalization within the commercial, residential and industrial community within the City of Mangum.

In order to accomplish this, the Fund can be used in any of four ways:

- (1) To provide incentive loans or grants to new or existing businesses for specific economic development projects which create or retain jobs;
- (2) For use as a loan to match local, committed private monies for economic development projects;
- (3) To use for equipment and supplies or for operating capital to increase business growth and retain jobs.

In so doing, the RLF may be used in conjunction with, or independently from, any existing "loan pool" program or other economic development tool for the City. Such use shall be as determined by the City Commission and the Board of Trustees of the City of Mangum and the Mangum Utility Authority by amending these policies and procedures.

ELIGIBILITY/ PROGRAM DESCRIPTION:

- (1) All businesses with project proposals and who have established site control are eligible to apply for an RFL loan.
- (2) No minimum income requirements for participants are required, but no participants with annual gross revenues over \$1,000,000 are eligible although the City Commission/Board of Trustees of the City of Mangum and Mangum Utility Authority may include income levels in any grading system to encourage small business development.
- (3) Projects that have received prior RFL loans would be ineligible to receive additional RFL loans until the existing loan has been fully paid, unless a pre-approved phasing program has been developed.
- (4) Past applicants would be eligible to apply for RLF monies, provided the proposed work does not involve a previously funded project, the applicant is current on payments, and has satisfied all general loan conditions.

- (5) Work financed through this program will generally not be limited to any specific elements of any project, although the City Commission/Board of Trustees may encourage application of RFL dollars specifically to certain project areas.
- (6) All work on Historic structures under this program must respect the architectural integrity of the building, and be done in conformance with the Secretary of the Interior's Standards for historic Rehabilitation.
- (7) The City Commission/Board of Trustees reserves the right to reject any application for a project for which the loan proposed could not be recovered during its term and the proposed investment is at best a stop-gap measure, or if the respective applicant fails to meet the required credit criteria.
- (8) All applications will require a \$25 application fee to be paid at the time the application is turned in to the Loan Committee.

LOAN PROCESS:

- (1) Loan applications shall be reviewed by the Loan Committee made up of the Mayor, City Manager, City Clerk, Finance Commissioner and Lead Bank representative.
- (2) The goal is to have each loan secured by real estate or bond or Letter of Credit at 110% of loan amount.
- (3) Loan repayment shall be normally in equal semi-annual, quarterly or monthly installments as determined by the City Commission/Board of Trustees of the City of Mangum.
- (4) The Lead Bank will present to the Loan Committee a review of the prospective applicant's financial position for consideration. Loan approval by the Loan Committee shall be by majority vote. In case of rejection, reasons will be given to the City Commission/Board of Trustees and to the applicant.
- (5) The Lead Bank will prepare all necessary loan documents, set up repayment schedule, oversee the recording/filing of the applicable security agreements
- (6) The Lead Bank will charge the loan applicant a one time 1% fee at loan closing to cover the costs. Grant funds cannot be used for administrative costs.

- (7) Loan payments shall begin 30 days after closing has occurred, unless other arrangements have been made. Payments shall be made to the City's RFL Lead Bank.
- (8) In the event that a loan reaches 60 days delinquency, the case shall be brought before the City Commission/Board of Trustees of the City of Mangum for review and possible action.
- (9) In no event shall the City or any banking institution involved in this program use race, sex, age, or religion as grounds for refusing a loan to any eligible applicant
- (10) Loans shall generally be for a period of no longer than five (5) years at an interest rate tied to the rate of inflation at the time of the loan. Interest rate may be plus or minus 1 point depending upon the credit rating of the applicant. Total dollar amounts for each loan shall be determined by the current assets of the RLF.

KEY PERSONNEL QUALIFICATIONS:

MAYOR: The Mayor is the head of the governing body of the City of Mangum and the Chairman of the Board of Trustees of the Mangum Utility Authority. The Mayor is elected by the people under a Charter form of government. Term for Mayor is two years. Mayor is allowed to serve multiple terms.

CITY COMMISSIONERS: Mangum has four (4) City Commissioners who are elected by the people. The Commissioners term is a two (2) year term with two commissioners running each year.

CITY MANAGER: The City Manager is hired by the City Commission and is charged with the daily operation of City government. The City Manager makes all decisions except policy decisions. The current City Manager has been with the City of Mangum for two years and has 27 years experience in city government in the areas of finance, personnel and administration.

CITY CLERK: The City Clerk is hired by the City Commission and is charged with the financial responsibilities of the city government. The current City Clerk has a degree in accounting from Oklahoma State University and is a CPA.

LEAD BANK: The Lead Bank will be a banking institution within the city limits of Mangum, Oklahoma, who is an established banking firm and is experienced in loan processing and administration. The Lead Bank will be required to collateralize all RLF funds of the City of Mangum at 110% of fund level.

ELIGIBILITY REQUIREMENTS:

1. Do you have annual gross revenues over \$1,000,000.00?

~~YES~~

X NO

2. How will the loan be secured? (110% collateral level)

X Real Estate

_____ Bond

_____ Letter of Credit

_____ Other: _____

If secured by real estate, please list insurance carrier:

Farmers

3. Is property an Historic structure?

Don't know

_____ YES

_____ NO

4. Is the business mortgaged or does it have any liens against it and, if so, please explain.

Owned By GPN B. No lien.

***ALL APPLICATIONS MUST BE ACCOMPANIED BY A \$25 APPLICATION FEE.**