

CITY OF WASHINGTON

**REVOLVING LOAN FUND
APPLICATION**

Summary/Planned Projects to be Financed

Through a revolving loan fund (RLF) created with United States Department of Agriculture (USDA) Rural Development— Rural Business Development Grant funding as well as financial contributions from various City lending institutions, the City of Washington will be able to provide gap or partial financing to small- and medium sized businesses who have demonstrated a financial need and want to expand, create, or relocate a business to Washington. The purpose of the program is to help create or retain jobs and assist in providing businesses with the opportunity to expand.

An applicant for RLF funding must be a corporation, limited liability corporation, partnership, or sole proprietorship that has established a financing need that cannot be met through other funding sources. The fund is intended to leverage funding available through commercial lenders.

Eligibility Requirements

- Businesses must be for-profit and have a brick-and-mortar location (no home occupations). Home occupations are eligible if the funding would be utilized to establish a new business location.
- Businesses must be located east of Ernest Street due to USDA geographic criteria.
- Businesses should retain and/or create jobs as a result of the loan.
- Existing businesses shall not be overdue on any sales tax filing statements (if applicable).

Eligible Projects/Priorities

- Acquisition of real estate, either land and/or buildings
- Purchase of new or used machinery and equipment
- Support for the use of new technologies, growth industries, and/or high-tech firms
- Inventory and working capital
- Small business development, including start-ups

Length of Loan

The maximum length of any loan will be 10 years. However, the RLF evaluation committee can allow a term up to 15 years on a case-by-case basis.

Interest

The interest rate for monies secured through this program shall have a fixed rate of interest of 3%. Occasionally, the RLF evaluation committee will change this rate depending on cash flow needs on a case-by-case basis or changing market trends.

Basic Loan Structure

The Washington RLF is intended to complement traditional lending institutions or other financing sources in the financing of the project. RLF participation cannot exceed 40% of the total project cost. The remaining 60% or more must be provided through a combination of a lending institution, other financing sources, and/or equity investment. There is no maximum loan amount and each project is

considered on a case-by-case basis. The applicant will contribute a minimum cash or acceptable equity injection in the amount of 10% with the remaining financing provided by a lending institution.

Collateral Requirements

Adequate collateral is required of all applicants. This may include a building mortgage, liens on machinery and equipment, life insurance, and/or current assets of the applicant.

Personal Guarantees

The Washington RLF will obtain personal guarantees of those who have 20% or more ownership of the applicant.

Fees

A one-time not-to-exceed fee of \$200 will be assessed against all loans at the time of closing. This helps offset all legal services required in the drafting of loan documents by the USDA Rural Development office. The only other application fee is for the United Commercial Code filing.

Project Evaluations

The Washington RLF Committee will conduct a thorough review of the applicant's financial paperwork. Funding is available on a first-come, first-serve basis. The City of Washington may schedule an onsite visit to the business to allow the committee to fully understand the current and future business operations.

Following approval of the loan by the RLF Committee, the City of Washington will prepare the necessary paperwork to submit to the USDA Rural Development office in Galesburg, Illinois. The USDA Rural Development office will make the final determination whether to approve or deny the request. If the loan is approved, funds are sent to the City of Washington RLF account. The City of Washington will then contact the applicant and make arrangements to disperse the funds.

Policies Regarding Delinquent RLF Accounts

The City of Washington will refer delinquent accounts to the Washington RLF Committee for action when all routine methods for solving the delinquency have been exhausted. The RLF Committee will regularly, and no less than annually, review the status of delinquent accounts. When in the opinion of the committee and the Washington City Attorney there is no likelihood of collecting the debt, the committee shall vote to remove the account from the City of Washington's accounting records and any existing security interests may or may not be released.

RLF APPLICATION

Project Name: _____ Application Date: _____

Project Start Date: _____ Project End Date: _____

Requested Term of Loan: _____

Amount Requested: _____ Date Funds Needed By: _____

Specific Loan Purpose (Check all that apply)

Working Capital Inventory Equipment Land Purchase

Other (Explain): _____

Description of Project: _____

BUSINESS INFORMATION

Legal Name and/or D/B/A: _____

Address: _____

Telephone: _____ Fax: _____

Contact Name(s): _____

Email: _____

Telephone (if different): _____ DUNS #: _____

Type of Business: _____ Year Established: _____ # of Employees _____

Job Creation and/or Retention

Will your business result in: (Check all that apply)

_____ Job Creation How Many _____

_____ Job Retention How Many _____

PARTICIPATING BANK AND/OR OTHER INVESTOR

If more than one bank or investor is involved, please list other separately.

Institution/Investor: _____

Loan Officer: _____

Address: _____

City/State/Zip: _____

Telephone: _____ Fax: _____

SOURCE AND USE OF FUNDS

	Owner Equity	Bank +	Other +	Total
Rate				
Term				
Land				
Building				
Machinery				
Inventory				
Other: (list)				
Total				

EXISTING DEBT SCHEDULE

Please identify all long- and short-term debts for your **existing company**, the dollar amount loaned, the date of the loan, debt services and a description of the collateral securing this debt. If this application is for a new business start-up, leave this page blank.

Source of Funds	Dollar Amount	Date Acquired	Payment & Frequency	Secured By	Matured Date

Do not include the loan requested from this application.

IDENTIFICATION OF COLLATERAL BY FUNDING SOURCE FOR THIS PROJECT

(i.e., Bank - first position - machinery and equipment \$75,000; SBAL - first position - land and building - \$50,000)

DESCRIPTION OF COLLATERAL (list any machinery, equipment, real estate, personal, or other asset collateral)	VALUE (\$)

MISCELLANEOUS INFORMATION CHECKLIST

Please supply the following documentation where applicable:

- Business financial statements (Profits and Loss Statements, Balance Sheets, and Disclosure of Contingent Liabilities) for the last three fiscal years. Preferably audited and prepared by a CPA, include YTD internal statements. (For existing businesses only).
- Business federal tax returns for the past three fiscal years for each owner that has/will have 20% or more ownership.
- Submit two-year projections of the Profit and Loss (or Income) Statement. In addition, for the first year, include a monthly cash flow projection of your project.
- A brief history of the applicant that includes past employment growth. For a business start-up, list past experience and dates of past experience.
- Submit information of the applicant's products or services and identify existing and potential major customers and competitors. For a business start-up, identify potential major customers and competitors.
- For real estate acquisition, attach an appraisal and a copy of the purchase option or agreement.

- Provide Articles of Incorporation and 4506-T forms.
- Provide an Accounts Payable Statement for the last 12 months (preferably monthly) for existing businesses.
- Provide a detailed description of machinery and equipment and/or working capital (if applicable).
- List those people who are responsible for the management of the company and indicate their positions and percentages of ownership. Also, submit a short one-page resume for those persons referenced above.
- Provide a credit disclosure statement.
- Document all sources of leveraging in commitment letters. Loans from financial institutions must have language indicating the loan amount, the specified term and interest, collateral, conditions attendant to the loan, and the fact that the loan will be approved contingent on funding from the Revolving Loan Fund program.

CERTIFICATION

The applicant certifies that this project is a new facility start-up or expansion.

The applicant certifies that this project will comply with all applicable laws and regulations prohibiting discrimination on the basis of race, sex, religion, national origin, age, or disability.

The applicant certifies information contained in this loan application and in the accompanying statements and documents is true, accurate and complete. Additionally, the applicant understands that this loan, if made, will be monitored on a quarterly basis to verify the schedule as set forth in this application.

Signed: _____
Applicant

Date: _____

Applicant Title: _____

The following information is requested by the Federal Government in order to monitor compliance with Federal Laws prohibiting discrimination against applicants seeking to participate in this program. You are not required to furnish this information, but are encouraged to do so. This information will not be used in evaluating your application or to discriminate against you in any way. However, if you choose not to furnish it, we are required to note the race/national origin of individual applicants on the basis of visual observation or surname.

I do not wish to furnish this information

Ethnicity:

- Hispanic or Latino
 Not Hispanic or Latino

Race: (Mark one or more)

- White
 Black or African American
 American Indian/Alaskan Native
 Asian
 Native Hawaiian or Other Pacific Islander

Gender:

- Male
 Female

Non-Discrimination Statement:

This institution is an equal opportunity provider and employer. If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.

