

## **WELLS COUNTY ECONOMIC DEVELOPMENT SMALL BUSINESS REVOLVING LOAN FUND PROGRAM**

Wells County Economic Development has developed a revolving loan fund program through a grant from the United States Department of Agriculture (USDA) intended to promote economic growth and job creation by assisting small businesses.

The Revolving Loan Fund (RLF) program is designed to promote through gap financing the growth and expansion of businesses committed to Wells County. The purpose of the RLF will be to provide loans to small businesses which will create a healthier economic base in Wells County and create jobs, which will in turn enhance the quality of life for all residents and business owners in the County.

The program will target:

1. existing small businesses currently located in Wells County which are interested in expanding and improving their enterprises;
2. existing small businesses currently located outside Wells County which are interested in relocating to Wells County; and,
3. new small businesses which are interested in establishing themselves in Wells County.

### **LENDING CRITERIA**

1. Planned projects to be financed may include but not limited to:
  - a. Project / business to be assisted by the RLF program typically must be physically located within Wells County, Indiana.
  - b. Acquisition and development of land, easements, and rights-of-way.
  - c. Construction, conversion, enlargement, repairs or modernization of buildings (including façade repairs), plants, machinery, equipment, access streets and roads, parking areas, utilities, and pollution control and abatement facilities.
  - d. Loans for startup operating cost and working capital.
  - e. Technical assistance for private business enterprises.
2. Limitations on loans from the RLF:
  - a. RLF funds will not be used to produce agriculture products through growing, cultivation, and harvesting either directly or through horizontally integrated livestock operations except for

- commercial nurseries, timber operations, or limited agricultural production related to technical assistance projects.
- b. RLF funds will not be used to finance comprehensive area-wide type planning. This does not preclude the use of grant funds for planning for a given project.
  - c. RLF funds will not be used to fund a part of a project which is dependent on other funding unless there is a firm commitment of the other funding to ensure completion of the project.
  - d. Loans will not be made unless there is a reasonable prospect that the applicant meets the definition of "small and emerging private business enterprises" defined as "any private business that will employ 50 or fewer new employees and has less than \$1 million in projected gross revenues."
  - e. At least 51 percent of the outstanding interest in the applicant must be owned by those who are either citizens of the United States or reside in the United States after being legally admitted for permanent residence.
  - f. Applications by members of the loan committee and their immediate family members shall be ineligible for funding.

### 3. Other Lending criteria:

- a. Loans to be made from the RLF will not exceed the level of available funding in the RLF bank account. Loans made from the RLF typically will not be less than \$2,000.
- b. Loans can be amortized over the lesser of seven years or the life of the security. The Loan Committee shall determine the term.
- c. The interest rate will typically range from 3-5% and typically will not exceed prime rate by more than 2%. The Loan Committee will determine the rate. Security shall consist of the best lien available on real estate, equipment, inventory, etc. The discounted value of the security (using typical lender discount rates) shall equal or exceed the value of the loan. The Loan Committee may require personal guarantees and/or co-signors.
- d. There must be evidence presented by the applicant that indicates the RLF loan is necessary to make the proposed project feasible.
- e. RLF loan funds will not be used to pay off any previous debt. Refinancing construction financing is an exception to this rule.
- f. The proposed project must be presented to the Loan Committee by the prospective business owner or her/his representative.
- g. The Loan Committee may require written feasibility studies, business plans, market studies, etc. as appropriate for the business type.
- h. A \$100 application fee shall be submitted with each application. Costs associated with processing the application (e.g. credit report fees, UCC and lien search fees, filing security documents, filing legal documents fees, etc.) shall be the responsibility of the applicant.

Application Requirements:

1. Brief history and description of business (if less than 2 years, supply business plan)
2. Brief description of project and explanation of how it will lead to job creation
3. Description of types of jobs to be created
4. Current year personal tax returns for each owner
5. Business tax returns for past 3 years
6. Two-year income projections
7. Breakdown of proposed costs
8. Letter of commitment/denial for proposed financing from private lender
9. Proof of applicant's equity contribution
10. Schedule of business debt, including
  - a. To whom owed
  - b. Original amount and date
  - c. Present balance
  - d. Term of loan
  - e. Interest rate
  - f. Monthly payments
  - g. Maturity
  - h. Security
11. Application fee of \$100

The loan committee may accept and consider additional documentation as long as such documents demonstrate that the proposed loan will be commercially reasonable and prudent.

It is acknowledged that not all checklist items will apply to each loan applicant and that certain situations may require additional items not on the list.



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# REVOLVING LOAN FUND APPLICATION

## GENERAL INFORMATION

|                              |                   |             |
|------------------------------|-------------------|-------------|
| Name of Business (Legal):    |                   |             |
| Trade Name:                  |                   |             |
| Local Address:               |                   |             |
| City:                        | State:            | ZIP Code:   |
| Project Contact:             |                   | Title:      |
| Telephone:                   | Email:            |             |
| Date Business Established:   |                   | NAICS Code: |
| Nature of Business:          |                   |             |
| Loan to Be in the Name of:   |                   | Tax ID#:    |
| Corporate Address:           |                   |             |
| City:                        | State:            | ZIP Code:   |
| Corporate Phone:             | Corporate Email:  |             |
| Accountant Name:             |                   |             |
| Accountant Address:          |                   |             |
| City:                        | State:            | ZIP Code:   |
| Accountant Phone:            | Accountant Email: |             |
| Number of Employees:         |                   |             |
| Current:                     | Full Time:        | Part Time:  |
| One Year After Loan is made: | Full Time:        | Part Time:  |

## MANAGEMENT / OWNERSHIP

|   |         |             |
|---|---------|-------------|
| Type of Business: C Corp S Corp LLC LLP Partnership Sole Proprietor                                     |         |             |
| List Names of Ownership (Proprietor, Partners and Stockholders with 20% or more ownership in business): |         |             |
| Name:   |         | % Owned:    |
| Address:  |         |             |
| City:   | State:  | ZIP Code:   |
| Phone:  | E-mail: | Soc. Sec. # |
| Name:   |         | % Owned:    |
| Address:  |         |             |
| City:   | State:  | ZIP Code:   |
| Phone:  | E-mail: | Soc. Sec. # |
| Name:   |         | % Owned:    |
| Address:  |         |             |
| City:   | State:  | ZIP Code:   |
| Phone:  | E-mail: | Soc. Sec. # |

| TOTAL PROJECT COSTS   |    |   |             |
|---|----|---|-------------|
| Land Acquisition:   |    | \$  |             |
| Building Acquisition:   |    | \$  |             |
| New Construction:   |    | \$  |             |
| Leasehold Improvements:   |    | \$  |             |
| Acquisition of Machinery & Equip.:  |    | \$  |             |
| <b>Total Project Costs</b>  |    | \$  |             |
| PROPOSED FINANCING  |    |   |             |
| Amount Requested \$   |    | <input type="checkbox"/> Secured <input type="checkbox"/> Unsecured | Terms       |
| Bank Loan   | \$ | %of total   |             |
| Applicant   | \$ | %of total   |             |
| WC RLF Loan   | \$ | %of total   |             |
| Other   | \$ | %of total   |             |
| <b>TOTAL</b>  | \$ |   | <b>100%</b> |
| Brief Description of Collateral to Secure Loan:   |    |   |             |
|   |    |   |             |
| REQUIRED EXHIBITS   |    |   |             |
| 1. Brief history and description of business (if less than 2 years, supply business plan)   |    |   |             |
| 2. Brief description of project and explanation of how it will lead to job creation   |    |   |             |
| 3. Description of types of jobs to be created   |    |   |             |
| 4. Current year personal tax returns for each owner   |    |   |             |
| 5. Business tax returns for past 3 years  |    |   |             |
| 6. Two year income projections  |    |   |             |
| 7. Breakdown of proposed costs  |    |   |             |
| 8. Letter of commitment or denial of proposed financing from private lender   |    |   |             |
| 9. Proof of applicant's equity contribution   |    |   |             |
| 10. Schedule of business debt, including  |    |   |             |
| a. To whom owed   |    |   |             |
| b. Original amount and date   |    |   |             |
| c. Present balance  |    |   |             |
| d. Term of loan   |    |   |             |
| e. Interest rate  |    |   |             |
| f. Monthly payments   |    |   |             |
| g. Maturity   |    |   |             |
| h. Security   |    |   |             |
| 11. Application fee of \$100  |    |   |             |
| APPLICANT'S CERTIFICATION   |    |   |             |
| I / We certify that all information in this application and all information furnished in support of this application are true and complete to the best of my / our knowledge and belief. Verification may be obtained from any source named herein. I / We give our consent to allow for a consumer credit report and to allow for discussion with our private financial institution. |    |   |             |
| Signature of applicant  |    |   | Date        |
| Signature of co-applicant, if for joint account   |    |   | Date        |



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