

Watonwan County
Business Revolving Loan Fund
Application and Administrative Guidelines

Purpose:

The purpose of the Watonwan County Revolving Loan Fund (RLF) is to assist small and emerging businesses within Watonwan County. Loans are made to fill the gap between the total costs of the project and the amount that is available through owner investment, bank financing, and other sources of private funding.

Project Eligibility:

For purposes of the Watonwan County Revolving Loan Fund a for profit business may qualify if it 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 dollars in projected gross revenues.”

The project/business must be physically located within Watonwan County and conducting business within Watonwan County. On a case-by-case basis, the Loan Committee may waive this requirement and provide loan funds to a business located outside the County if the committee determines doing so will have a positive economic impact on the community to be assisted with RLF. If a business relocates outside of Watonwan County after receiving a loan, the Loan Committee may require immediate pay off of the loan.

Loan can be used for land acquisition and improvements, easements and right-of-ways, building construction and conversion, enlargement, repairs or modernization of buildings (including façade repairs), plants, machinery, equipment and fixtures, inventory, parking areas, utilities, and pollution control and abatement facilities. Loans for start-up operating cost and working capital may also be considered.

Projects must create or retain jobs. The guideline is one full-time equivalent position for every \$10,000 loaned.

Projects must evidence that the Revolving Loan Fund is necessary to make the proposed project feasible.

Ineligible uses include expenditures for residential projects, home occupations, greater than 24% working capital, or the refinancing of existing debt. RLF will not be used to produce agriculture products through growing, cultivation, and harvesting either directly or through horizontally integrated livestock operation except for commercial nurseries, timber operations, or limited agricultural production related to technical assistance projects. Funds may not be used to finance comprehensive area-wide planning.

At least fifty-one percent (51%) 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.

Applications by members of the loan committee and their immediate family members will be reviewed by the Loan Committee with the immediate family member abstaining from voting associated with said application.

Loan Amount and Terms:

A Small Business Revolving Loan Fund loan can not exceed one-half of the total project costs. Thus, one (1) dollars of private funds must be provided for each loan dollar. The minimum loan amount is \$5,000 and the maximum loan amount is \$50,000.

Typically interest rates for loans shall be two (2) percentage points below the existing Wall Street Journal prime rate on the date of the application. Rates shall have a floor of three (3) percent and a ceiling of nine (9) percent. During the duration of the loan the interest rate will be “reset” to two (2) percentage points below the Wall Street Journal prime rate every five (5) years. Rates will be determined based on credit and the other criteria in the loan package as determined by the Loan Committee. Upon review of the Loan Committee and as determined necessary, rates may equal or exceed prime rate, but in no case will rates exceed prime rate by more than 2%.

Loans shall be amortized for the life of the security. The Loan Committee shall determine the term.

Regulations for Improvements:

All project improvements shall comply with the appropriate City, County, State and Federal regulations.

Loan Security and Guarantee:

The applicant must be able to secure the loan with at least a junior mortgage upon the building and/or assets involved or other approved collateral. Security shall consist of the best lien available on the 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 guarantee(s) of any person owning twenty percent (20%) or more of the business, regardless of the form of ownership.

Timing of Project Expenses:

The applicant shall be responsible for all legal, recording and other fees required for perfecting a securing interest in a loan.

Any project costs incurred before the date of the application shall be ineligible.

No improvements shall commence until all required permits are secured.

Application Procedure:

An interested party shall meet with the Economic Development Authority (EDA) Director to obtain information about the loan program, to discuss the proposed project and obtain an application.

A completed application together with a non-refundable processing fee of \$100.00 must be submitted to the St. James Economic Development Authority prior to review.

The application will be reviewed by the EDA Director to determine if the project meets the guidelines of the program. If the project seems to meet the guidelines of the program the application will be forwarded to the Watonwan County Revolving Loan Fund Committee for approval. All results of the Loan Committee will be reported to the Watonwan County Board of Commissioners.

Application Review:

The proposed project must be presented to the Loan Committee by the prospective business owner or his/her representative.

The Watonwan County Revolving Loan Committee will review the project application in relation to the following components:

1. Project design, including proposed activities, schedules and capacity to implement.
2. Financial feasibility, including the availability of funds, private involvement, financial packaging, and cost effectiveness.
 - a. Loan request does not exceed one-half of the total project costs or \$50,000.
 - b. Sufficient cash flow shall be demonstrated by financial statements and projections.
 - c. The business must show a positive net worth.
 - d. Sufficient collateral must be provided and maintained throughout the life of the loan.
3. Project compliance with all appropriate codes and policies.
4. All other information as required in the application and/or as may be requested by the Watonwan County Revolving Loan Fund.

The Watonwan County Revolving Loan Committee will make the final decisions on the loans. The results will be forwarded to the Watonwan County Commissioners for their review.

Notice to applicant:

Application

This application is necessary in order for those who review your loan request to make an informed and fair decision. There is no loan program that does not require this information, whether it be through the private or public sector.

Applicant: _____

Address: _____

City/State: _____ Zip: _____

Contact Person: _____

Work Phone: _____ Cell Phone: _____

Amount Requested: _____

Term Requested: _____

DUNS Number: _____

*A DUNS number is required for each application.

1. Type of Project:

- New Business/Construction
- Existing Business/Expansion
- Equipment, Machinery, and/or Fixtures
- Remodeling
- Other, please explain: _____

2. Please describe your project and the purpose of the request:

3. Cost of Project:

- a. Land \$ _____
- b. Buildings (attach plans and costs) \$ _____
- c. Equipment, Machinery, and Fixtures (attach list and costs) \$ _____
- d. Remodeling (attach plans and costs) \$ _____
- e. Other (attach description) \$ _____
- f. Total Costs \$ _____

4. Proposed Financing:

Source	Name	Terms	Amount
a. To Bank			\$
b. This loan			\$
c. Other, Private			\$
d. Other, Public			\$
e. Applicant Contribution			\$
f. Total Financing			\$

5. Collateral to be assigned (describe and show lien position):

- a. To Bank: _____
- b. To This Loan: _____
- c. To Other, Private: _____
- d. To Other, Public: _____

6. Value of Collateral:

Source	Cost	Current Value	Existing Lien
a. Land			\$
b. Buildings			\$
c. Machinery/Equip.			\$
d. Other: _____			\$

7. Employment:

Current number of employees _____ Total Weekly Payroll \$ _____

Proposed number of employees _____ Total Weekly Payroll \$ _____

If this loan request is for job retention only, please explain this in your business plan.

8. Attorney (name, address, phone number):

9. Accountant (name, address, phone number):

10. Bank Reference (name, address, phone number):

11. Please attach the following:

- a. Written business plan including:

- i. description of business,
 - ii. ownership
 - iii. date established
 - iv. products and services
 - v. management,
 - vi. future plans
-
- b. Financial Statement for the past two years.
 - c. Financial Projections for three years.
 - d. Resume of owner and management.
 - e. Personal financial statements of proprietor, partners, and grantors.
 - f. Letter of commitment from applicant pledging to complete the project during the proposed term.
 - g. Letter of commitment from other financing sources stating their terms and conditions of participation and defining the need for gap financing.
 - h. Current Credit report.
 - i. Signed copy of "Rural Business Enterprise Grant Certification of Project" as attached.
 - j. Signed copy of "Rural Business Enterprise Grant Certification of Ownership" as attached.
 - k. Compliance Review information to be filled out as attached.
 - l. \$100 processing fee.
 - m. Other:

RURAL BUSINESS ENTERPRISE GRANT
CERTIFICATION OF OWNERSHIP

I, _____, the undersigned, do certify that at least 51% of the outstanding interest in the _____ (RBEG Project) has membership or is owned by those who are either citizens of the United States or reside in the United States legally admitted for permanent residence.

Signature

Date

RURAL BUSINESS ENTERPRISE GRANT
CERTIFICATION OF PROJECT

I, _____, the undersigned, do certify that
_____ (RBEG project) is located in a rural area as defined by 1942-G,
1942.304.

Signature

Date

INFORMATION FOR GOVERNMENT MONITORING PURPOSES

The following information is requested by the Federal government for certain types of loan related to a dwelling in order to monitor the lender's compliance with equal credit opportunity, fair housing, and home mortgage disclosure laws. You are not required to furnish this information, but are encouraged to do so. You may select one or more designations for "race". The law provides that a lender may not discriminate on the basis of this information, or on whether you choose to furnish it. However, if you choose not to furnish the information and you have made this application in person, under federal regulations the lender is required to note ethnicity, race and sex on the basis of visual observation or surname. **If you do not wish to furnish the information, please check below.**

Applicant

I do not wish to furnish this information.

Co-Applicant

I do not wish to furnish this information.

Ethnicity

Hispanic or Latino

Not Hispanic or Latino

Ethnicity

Hispanic or Latino

Not Hispanic or Latino

Race or National Origin

American Indian or Alaskan Native

Asian

Black or African American

Native Hawaiian or Other Pacific Islander

White

Race or National Origin

American Indian or Alaskan Native

Asian

Black or African American

Native Hawaiian or Other Pacific Islander

White

Sex

Female

Male

Sex

Female

Male

Signature

Signature

Print or Type Name

Print or Type Name

FOR EDA USE ONLY:

Complete this section ONLY if applicant or co-applicant elects not to provide this information and the application is taken in person:

Noted Ethnicity: Applicant _____
Noted Race: Applicant _____
Noted Sex: Applicant _____

Co Applicant _____
Co Applicant _____
Co Applicant _____

I hereby certify that I have noted this information based on visual observation or surname.

Signature of EDA Employee

Print Name of EDA Employee

Date