

OVERVIEW

The Region Nine 9-County Revolving Loan Fund program was originally established to assist businesses which had been hurt by the economic impacts of the rain and flooding of 1993. The primary goal of this program was to retain existing jobs by helping formerly healthy businesses remain viable. The program was designed to assist businesses in our region which have received economic damage as a result of the disaster. As the loans are repaid, the payments are relented to assist businesses in our region that can and are impacting the region economically.

APPLICATION PROCEDURE

In the application, you will be asked to give a detailed explanation of our proposal, including business plan information, financial projections, historical financing statements, and other types of information. Also, because of regulations when using public funds for financing a project, you will be asked to provide evidence or assurances that you will comply with laws concerning civil rights, the environment, flood hazards, historical preservation, handicapped access, and other issues.

Our staff will review your full application for completeness and consistency, and may ask for additional information or explanations depending on the specifics of your proposal. After this stage, your application will be reviewed by our Loan Review Committee. The Loan Review Committee will make a decision on your application immediately following the staff presentation. If approved, your loan will then be scheduled for closing as soon as possible.

RESTRICTIONS

The following restrictions apply to the use of the Region Nine Revolving Loan program funds:

- The project must be located within the following counties:

Blue Earth	Brown	Faribault
LeSueur	Martin	Nicollet
Sibley	Waseca	Watonwan
- The 9-County Revolving Loan fund loan can not exceed 50% of the total project costs.

- Jobs must be created or retained within these guidelines:

<u>DRLF Loan Amount</u>	<u>Jobs Created / Retained: Loan Proceeds</u>
<\$10,000	1:\$10,000
\$10,000-50,000	1:\$35,000
\$51,000-250,000	1:\$50,000

- All industries and types of businesses are eligible to apply, including manufacturing, distribution, valued-added agriculture, retail and service industry businesses.

REQUIREMENTS OF LOAN APPLICANTS

Individual consideration is given to each applicant, and as such the requirement will vary from project to project. In general, the following conditions will apply:

- The business owners may be required to provide personal guarantees for the loan amount.
- A life insurance policy on the business owner sufficient to cover the balance of the loan and with a collateral assignment to the Region Nine Revolving Loan Fund may be required.
- An application fee in the amount of 1% of the loan amount is payable at closing.
- A \$600 processing fee is payable at closing.
- Collateral for the loan will be taken, although the Loan Committee may approve a position subordinate to another lender.
- Hazard insurance on the collateral, naming Region Nine Revolving Loan Fund as loss payee, and proof of workman's compensation insurance must be provided.
- Loan recipients will be required to complete an annual jobs report on the number of jobs created and / or retained.
- Loan recipients will be required to submit financial statements as required as a condition of their loan.

- Applicants will be aware that basic information provided in the application procedure made available to the nine members of the Nine County Revolving Loan fund Review Committee and staff as a part of the normal review process.

LOAN PROPOSAL SUMMARY

Briefly describe your current business and the project you are proposing. Indicate the part of the project this loan would be used for. Include information on any existing financial situations of the applicant which might affect the credit worthiness of this application.

Name and address of business:

Type of Business:

Date Established:

Telephone Number:

Structure of Business:

Proprietorship

Corporation

Partnership

Business Owners Names and Addresses:

1. _____

2. _____

3. _____

Title: _____
Ownership Percent: _____
Title: _____
Ownership Percent: _____
Title: _____
Ownership Percent: _____

Describe the details of the loan you are applying for.

Loan Amount: _____

Interest Rate: _____

Term: _____

Collateral Available and Market Value: _____

Special Payment Terms or Conditions: _____

Are the owners of the company willing to disclose their personal financial condition and sign personal guarantees? (This is a program requirement.) Yes No

Project Costs

Working Capital
 Cash \$ _____
 Accounts Receivable \$ _____
 Inventory \$ _____
 Other (list) \$ _____
 \$ _____
 \$ _____
 \$ _____
 SUBTOTAL \$ _____

Funding Sources

Proposed Region Nine
 9-County Revolving
 Loan Fund \$ _____
 Owner's Investment \$ _____
 Bank \$ _____
 Other Financial
 Institution \$ _____
 Other Public Funding \$ _____
TOTAL \$ _____

Property Acquisition \$ _____
 Site Improvements \$ _____
 Building Construction
 and Renovation \$ _____
 Purchase Machinery
 and Equipment \$ _____
 Professional Fees \$ _____
TOTAL \$ _____

Net Profit / Loss Figures

Year-end 1996: \$ _____
 Year-end 1997: \$ _____
 Year-end 1998: \$ _____

Those businesses with less than 30 year
 financials must provide an alternative
 documentation of the need for this loan.

Bank Name and Address:

Contact Person:

Telephone Number:

Job Impact:

Jobs Created or Retained*:

_____ Full-time Year-around _____ Part-time

* See jobs-to-funding ratio requirement, page 2.

Provide the following information on your sources of financing for this project.

Name of Source	9-County Revolving Loan Fund	Bank	Other	Other	Total
Loan Amount	_____	_____	_____	_____	_____
% of Project Cost	_____	_____	_____	_____	_____
Activities Funded	_____	_____	_____	_____	_____
Term of Loan	_____	_____	_____	_____	_____
Interest Rate	_____	_____	_____	_____	_____
Total Annual Payment	_____	_____	_____	_____	_____
Special Terms	_____	_____	_____	_____	_____
Collateral	_____	_____	_____	_____	_____
Lien Position	_____	_____	_____	_____	_____
Guarantees (personal, third party)	_____	_____	_____	_____	_____
Does this loan have final approval?	<u>N/A</u>	_____	_____	_____	_____
TOTALS	_____	_____	_____	_____	_____

Briefly describe why other sources of public or private financing are unavailable for this project. (interest rates, terms, risk, collateral, loan limits, etc.)

Attach an explanation if any answer to the following questions is yes:

1. Have you or any officer or owner of your company ever been involved in bankruptcy or insolvency proceedings?

Yes No

2. Are you or any officer or owner of your business involved in any pending lawsuits or judgements?

Yes No

3. Does your business have any subsidiaries or affiliates? (Include financial statements with explanations.)

Yes No

4. Do you buy from, sell to, or use the services of any concern in which someone in your company itself has a significant financial interest?

Yes No

I hereby pledge that this project will be completed in accordance with the terms and conditions of this application, if approved and funded.

Applicant's Name (type or print): _____

Signature of Applicant: _____

Date of Application: _____

AUTHORIZATION FOR RELEASE OF FINANCIAL INFORMATION

_____, hereby authorizes any third party to release to the Region Nine
(borrower)
9-County Revolving Loan Fund, without limit, any and all financial information regarding
_____ that is requested by the Region Nine 9-County Revolving Loan Fund,
(borrower)
its representatives or employees, and that is the possession of that third party or readily
accessible to that third party.

This Authorization to Release Financial Information specifically includes records and
information prepared or compiled prior to the date of the signing of this Authorization and
records any information prepared after the date of the signing of this Authorization.

_____, hereby authorizes release of said records and information by
(borrower)
Region Nine 9-County Revolving Loan Fund, to a third party, as deems necessary.

A photocopy of this signed Authorization shall be treated in the same manner as the
Original.

Upon full repayment of the loan obligation of _____, to Region Nine
(borrower)
9-County Revolving Loan fund, this Authorization shall automatically expire without any
express written revocation need on behalf of _____.
(borrower)

(Signature of Owner or Chief Executive Office and Title)

CREDIT AUTHORIZATION

I hereby authorize Credit Resource Services or its agents to investigate my credit record. I authorize any person, broker or consumer reporting agency to complete and furnish to you any information it may have in response to your credit or employment inquiries.

Signature

Printed Name

Social Security Number

Current Address

City, State, Zip Code

APPLICATION APPENDIXES - On separate sheets attach the following information:

A. BUSINESS, MARKETING, AND MANAGEMENT INFORMATION

Describe your plans for your business, including the following points, where applicable, and any other pertinent information.

1. Describe your product or service and explain the benefits or competitive advantages it has over other products or services.
2. What is your overall strategy for selling, distributing, pricing, and advertising your product or service?
3. Describe your targeted market area and the projected demand for your product or service.
4. If applicable, what patents, copyrights, and other legal considerations have been met?
5. If you are building, expanding, or remodeling a facility, include a brief description of your capital improvements and the planned effect on your business.

B. BUSINESS HISTORY

Describe the history of your business including the following points based on your business situation.

1. What have been the current and long term trends in the business?
2. How long have the current owners or operators run the business?
3. What specific series of events have lead to your need to borrow from this program?
(Note: This is a critical point - be specific and include as much information as necessary.)

C. FINANCIAL STATEMENT COPIES

Submit Balance Sheets and Profit and Loss Statements, along with Notes or Financial Statements explaining all significant entries (i.e. accounting methods and policies, debt structure, market value of assets, etc.). Include Financial Statements dated within 90 days of filing this application and Year End Financial Statements covering the last three years.

D. FINANCIAL PROJECTIONS

Submit a Proforma Balance Sheet for the next three years. Provide Profit and Loss Statements and a Cash Flow Analysis monthly for the first year of the loan and year end

in years two and three. Financial projections are expected to flow logically from historic Financial Statement and the Business, Marketing, and Management information included in Appendix A. Include notes explaining the basis of your projections.

E. PERSONAL FINANCIAL STATEMENTS OF BUSINESS OWNERS

If possible, the date of your Personal Financial Statements should be the same as the date of your most current business Financial Statement. Include notes indicating the basis of value on assets (market value or acquisition cost) and explanations of other entries (notes payable, receivables, stocks, etc.). Financial statements should be dated within 90 days of filing this application.

F. LETTERS OF COMMITMENT

Include documentation of commitment from all other financial participants listed on page two under sources of financing.

G. AUTHORIZATION FOR RELEASE OF FINANCIAL INFORMATION

Complete the attached Authorization for Release of Financial Information form (Page A) which authorizes the release of credit reports and other financial information to the Revolving Loan Fund.

H. CERTIFICATION OF INCORPORATION AND CORPORATE RESOLUTION

For incorporated businesses, include a copy of your Certificate of Incorporation and a corporate resolution authorizing the corporation to borrow money from the Revolving Loan Fund.

I. LEASES

If you are leasing or proposing to lease building space or major pieces of equipment, include a copy of the current lease.

J. BIDS AND QUOTES

If you are buying land or constructing a building, provide bids or quotes. If you are buying machinery or equipment, attach a list of the equipment, cost, and sellers name.

K. JOBS DOCUMENTATION

Complete and sign form ED-612 (Pages C1 - C4). We can complete section 14 for you. This form will be the basis for your annual reporting requirements, should you receive a loan.

L. CIVIL RIGHTS

Complete Assurances of Compliance form (ED-503) (Page D) from the Economic Development Administration. This form provides assurances that you will comply with civil rights, rehabilitation, and age discrimination regulations.

M. ENVIRONMENT

Complete the attached Environmental Checklist (Pages G1-G5). Most projects should not have any difficulties complying with environmental standards, but if the potential of a significant environmental impact exists, your local responsible government unit (county or city) may need to prepare an Environmental Assessment Worksheet. If this worksheet so indicated, the local government or state agencies could require an Environmental Impact Statement. Also complete the attached Certificate of Compliance with the Clean Air Act and the Federal Water Pollution Control Act, attached (Page H).

N. FLOOD HAZARD

Please submit evidence that the activity to be financed is not in the 100 year floodplain.

O. HISTORIC PRESERVATION

If the business property is to be built upon, altered, expanded, or demolished, provide a description of the property site. This description will be submitted to the State Historic Preservation Officer. If the property or site is in a Historical District or has been designated "historically significant", there may be additional requirements you must meet.

P. HANDICAPPED ACCESS

If this loan will finance a construction project to which the public will have access, you must insure that access to the handicapped will be provided.

Q. NON-RELOCATION

Businesses that relocate jobs from one area to another are not eligible borrowers. Complete the Certificate of Non-Relocation form (Page E) attached, assuring compliance with this requirement.

R. DAVIS-BACON

Contact our office for further information on compliance with the requirements of the Davis-Bacon Act if this loan will be financing all or part of construction or equipment installation. If the Davis-Bacon Act applies, wages paid to construction workers must comply with a Wage Determination for this area issued by the U.S. Department of Labor and with Federal Labor Standards Provisions.

S. ADDITIONAL ASSURANCES

Complete the Assurances - Construction Programs form (Page F1 - F3) as provided. This is required of all applicants. Agreeing to the terms of these federal regulations is required if you are to receive federal loan funds through the Region Nine 9-County Revolving Loan Fund.

T. DOCUMENTATION OF REJECTION

The borrower is eligible for Region Nine 9-County Revolving Loan Fund financing only where credit is not otherwise available on terms and conditions which would permit the accomplishment of the project activities to be financed. The borrower will provide supporting documentation in the form of a bank rejection letter or other documentation substantiating the need for Region Nine 9-County Revolving Loan Fund financing.

FEDERAL RESTRICTIONS AND ASSURANCES

Completed by the applicant in order to qualify the business for this EDA sponsored program.

- 1. Form ED-612, Current and Projected Employee Data
(Pages C1 - C4)

- 2. Form ED-503, Assurance of Compliance: Civil Rights Act of 1964
(Page D)

- 3. Employer's Certificate of Non-Relocation
(Page E)

- 4. Form 101A, Assurances: Construction Programs
(Pages F1 - F3)

- 5. Environmental Assessment Checklist
(Pages G1 - G5)

- 6. Form ED-524, Certificate of Compliance with Clean Air Act and Water Pollution
Control Act
(Page H)