

REVOLVING LOAN FUND



BUSINESS LOANS FOR
LEE AND RUSSELL COUNTY

LEE-RUSSELL COUNCIL
OF GOVERNMENTS
2011

LEE-RUSSELL COUNCIL OF GOVERNMENTS REVOLVING LOAN FUND

FACT SHEET

- PURPOSE:**
- To provide financing, in collaboration with local lending institutions, to small and medium-sized businesses and industries in Lee and Russell Counties whose start-up and expansion will result in the creation and/or retention of permanent jobs and in the enhancement of private sector investments.
- LOAN LIMITS:**
- 40% of the project cost or \$200,000, whichever is less for State Bond Issue Fund
 - 33% of the project cost or \$200,000, whichever is less for Economic Development Administration Fund
- TERMS:**
- Maximum 15 years - Land and Buildings (Construction from State Fund only)
 - Maximum 10 years - Fixed Assets
 - Maximum 5 years - Working Capital
- RATES:**
- Fixed interest rates, at or below the prime rate on the date of loan closing
- FEES:**
- Business pays all closing costs
 - Annual Servicing Fee: 1/2 of 1% of declining loan balance, will be assessed on the anniversary date of the loan
 - Late Payment Fee: 10% of loan payment
- PRIVATE FINANCING:**
- At least 50% - 57% must come from a commercial lender (Dependent upon LRCOG Fund used)
 - At least 10% equity injection from borrower required
 - RLF participation limited to a maximum of 40%
- ELIGIBLE USES:**
- Land acquisition
 - Machinery and Equipment purchases
 - Building acquisition
 - Working Capital
- NON-ELIGIBLE USES:**
- Construction with EDA Fund
 - LRCOG Loan closing fees
 - Personal debt reduction
 - LRCOG debt service
- ELIGIBLE APPLICANT:**
- New and existing for profit businesses involved in manufacturing, distribution, service and similar endeavors in Lee and Russell Counties.
- NON-ELIGIBLE APPLICANT(S):**
- Non-profit, 501C3 organizations, governmental services/entities, employees of the LRCOG and their family members, LRCOG RLF Board members and LRCOG Executive Board members and their family members would not be eligible applicants for these loan funds.
- COLLATERAL:**
- Loans are to be secured by lien/mortgage positions on collateral at the highest level of priority that can accommodate the borrower's ability to raise debt and equity capital.
 - Personal, business and corporate guarantees are required.
 - Collateral position may be no less than a second lien position on principal collateral, unless borrowers provide additional equity injection, personal collateral, etc. to show that loan value can be totally secured through total asset package.
- ADDITIONAL**
- Commitment letters from all other sources of financing. (Note: All commitment letters from other financial institution should clearly express LRCOG's need for involvement in the current project for their participation to be finalized.)
- REQUIREMENTS:**
- Professionally prepared financial statements. Business plan required from start-ups.
 - Sufficient cash flow to service the debt.
 - Creation of one new or retaining one full-time job per every \$20,000 borrowed from LRCOG RLF. (Please note: that is retaining jobs, application must demonstrate job loss if the project is not financed by the current project application.

LEE-RUSSELL COUNCIL OF GOVERNMENTS REVOLVING LOAN FUND

APPLICATION SUBMISSION CHECKLIST

The following is a list of documents that must be submitted with all Lee-Russell Council of Governments Revolving Loan Fund Applications in order for an application to be valid and complete. Without these documents, your business loan fund application will not be reviewed by the LRCOG RLF staff. Please check the items that are included with your completed LRCOG RLF application package. For those items that are non-applicable, please mark N/A beside the pertinent item listed below.

- _____ Original LRCOG RLF Application – Must be fully completed, signed & dated (Must be original signatures)
- _____ Business Plan (This is required if business is new or expanding)
- _____ Articles of Incorporation (May submit a copy of the original document)
- _____ Resumes of all principals involved with the business
- _____ Current Business Balance Sheet and P&L Statement prepared within the last 30 days for company
- _____ Annual Business Balance Sheet and P&L Statement for past three years
- _____ Current Aging of Accounts Receivable and payable
- _____ Current and future employment statistics (to include race, gender, and full/part-time status)
- _____ Three Year Projected Profit and Loss Statement
- _____ Current Personal Financial Statements on all principals and persons guaranteeing the loan (Must be signed and dated)
- _____ Personal Credit Reports on all principals and persons guaranteeing the loan
- _____ Last three years tax returns on all principals and persons guaranteeing the loan
- _____ Proof of employment on all principals and persons guaranteeing the loan
- _____ Business Tax Returns from previous three years
- _____ Current Company Business License (May submit a copy)
- _____ Current E.I.N. # (Employer Identification Number) (May submit a copy)
- _____ Current State of Alabama Tax Id# (May submit a copy)
- _____ Current Workers Compensation Insurance Policy (May submit a copy)
- _____ Current liability/vehicle insurance policy (May submit a copy)
- _____ Resolution to borrow funds from Lee-Russell Council of Governments (Must be original signatures)
- _____ Commitment letter from Financial Institution
- _____ Appraisal of Property (Required if property is to be acquired or used as collateral. If one is not available, this can be provided after the approval of the loan, but prior to LRCOG RLF closing date.)
- _____ Phase One Environmental (Required if property is to be acquired. If one is not available, this can be provided after the approval of the loan but prior to the LRCOG RLF closing date.)
- _____ Copy of proposed lease or purchase estimate or other financing arrangements (Required if equipment/machinery is to be purchased.)
- _____ Written cost estimates and authoritative certification as to useful life (Required if machinery and equipment is to be purchased or used as collateral)
- _____ Proof of minimum 10% equity injection by the business owner
- _____ Proof of current bank account balances for business account(s)
- _____ Pictures if possible of proposed location (May submit copies)
- _____ Assignment of rent/leases if applicable (Due at loan closing – if applicable)
- _____ Other documentation that is required and/or requested by the LRCOG Staff in order to support and document project.

LRCOG will only accept completed RLF applications with the required documentation. If your application is not complete and is missing documentation, it will be returned with a letter stating what documentation is missing within.

- Once the completed application along with required documentation is received by the LRCOG, the staff will have 14 working days to review the loan package and request any additional information. The staff will then determine if the loan is eligible based on program requirements.
- If the project is eligible, the LRCOG staff will have 5 working days to package and remit business proposal to the LRCOG RLF Board for review and approval.
- If the project is not eligible based on program guidelines, the LRCOG staff will have 5 working days to submit a letter to the RLF Applicant outlining why the project is not eligible under our current program guidelines.
- Once eligibility is determined, the LRCOG RLF Board will be given 10 working days to remit their approval/non approval of loan application to LRCOG staff.
- If the loan is approved by the loan board, LRCOG Staff will provide a loan commitment letter to the borrower detailing the loan terms along with any required documentation that must be submitted before the loan closing can be scheduled. Once all documentation has been received, the LRCOG staff will schedule a loan closing based on availability of LRCOG, the closing attorney, the loan client and needed title searches.
- If the loan is not approved by the loan board, the LRCOG staff will have 5 days to notify the borrower in writing that the loan was not approved.

Please note: The loan applicant may request to withdraw loan application at any time during the LRCOG RLF Process.

Signature of Applicant

Printed Name

Title

Business Name

Date



LEE-RUSSELL COUNCIL OF GOVERNMENTS

2207 Gateway Drive Opelika, AL 36801-6834
(334)749-5264 phone (334)749-6582 fax

REVOLVING LOAN FUND PROGRAM APPLICATION

The purpose of the RLF is to support business activities for which credit is not otherwise available on terms and conditions that would permit completion and/or the successful operation or accomplishment of the project below. The lender reserves the right to recall the loan if these requirements are not met. All questions should be answered or indicated to be inapplicable.

Borrower's Name: _____

Federal Employer's Identification Number: _____

Borrower's Mailing Address: _____

Telephone: _____ Fax: _____ Email: _____

Name and Location of Business (Address/City/Zip Code):

Type of Business: _____

Are you part of a parent company, subsidiary, and/or affiliated company? Yes No
If yes, provide location, number of employees, ownership breakdown, and current financials.

Is the proposed location properly zoned for the venture? Yes No

Number of Current Employees: _____ # FTE _____ # PTE

Ownership Structure:

- Sole Proprietor
- Partnership (provide copy of agreement and a listing of all partners)
- Corporation C or Sub S (provide copy of Articles of Incorporation)
- Limited Liability Corporation (provide copy of Articles of Incorporation)
- **For corporations, please provide a list of officers, directors and principal shareholders.****
- Woman owned
- Minority owned

Is this a new venture? Yes No

Is this an expansion of an existing business? Yes No

Contact Person Responsible for Project:

Name _____ Title _____
Telephone _____ Fax _____
Email _____

PROJECT DESCRIPTION

Generally describe the project, giving the purpose of loan. Provide any information you feel is necessary to further the understanding of the project. Provide information and supporting documentation regarding the need for public financing. Attach additional sheets as necessary.

JOB CREATION AND RETENTION

	<u>FTE Jobs Created</u>	<u>FTE Jobs Retained</u>
Total Jobs		
Minority Jobs		
Women Jobs		

SUMMARY OF COLLATERAL OFFERED

	Original Cost	Current Market Value	Lien or Mortgage Balance	Purchased or Constructed as Part of this Project
Land	\$	\$	\$	Yes No
Buildings				Yes No
Business Machinery and Equipment				Yes No
Business Furniture and Fixtures				Yes No
Inventory				Yes No
Other				Yes No
Other				Yes No

PROJECT FINANCING

Identify funding sources and dollar amount from each.

Bank Loan(s)		
Source _____	Amount \$ _____	
Source _____	Amount \$ _____	
Source _____	Amount \$ _____	
Other Private Resources		
Source _____	Amount \$ _____	
Source _____	Amount \$ _____	
Other Public Sources		
Source _____	Amount \$ _____	
Source _____	Amount \$ _____	
Source _____	Amount \$ _____	
RLF Loan		Amount \$ _____
Applicant Equity		
Existing facilities and property (appraised value)	Amount \$ _____	
Cash	Amount \$ _____	
Other		
Source _____	Amount \$ _____	
Source _____	Amount \$ _____	
		TOTAL \$ _____

Provide available supporting documentation.

PROJECT COST

Land Improvements (e.g. landscaping)	\$ _____
Land	\$ _____
Construction	\$ _____
Machinery/Equipment	\$ _____
Architect/Engineer	\$ _____
Contingency	\$ _____
Refinancing	\$ _____
Working Capital	\$ _____
Legal	\$ _____
Accounting	\$ _____
Other:	\$ _____
TOTAL	\$ _____

PROJECT BREAKDOWN

PURCHASE OF LAND & BUILDING (attach copies of bids/quotes to support costs)

- A. Location _____
- Purchase \$ _____ Sq. Ft. _____ Site Size (Acres) _____
- Appraised Value \$ _____ (If available. Appraisal can be completed upon approval of loan, contingent upon loan closing)
- B. Is renovation needed on the building? _____ Yes _____ No
- Construction Cost \$ _____ Contractor _____
- Describe renovations: _____
- C. Will any space be subleased? _____ Yes _____ No If yes, then: Amount of square feet to be subleased _____ /Annual Rate \$ _____
- D. Do you have any environmental concerns relating to the proposed site? If yes, explain on a separate sheet of paper.

BUILDING CONSTRUCTION/RENOVATION (attach copies of bid/quotes to support costs)

- A. Location _____
- Construction Cost \$ _____ Sq. Ft. _____ Site Size (Acres) _____
- Contractor _____ Land Cost \$ _____
- B. Will any space be subleased? _____ Yes _____ No If yes, then: Amount of square feet to be subleased _____ /Annual Rate \$ _____
- C. Do you have any environmental concerns relating to the proposed site? If yes, explain on a separate sheet of paper.

MACHINERY & EQUIPMENT (attach copies of price quotes to support costs)

- A. List the machinery and equipment to be financed including make, model and cost:

WORKING CAPITAL (Be specific)

- A. Detail the working capital needs to be financed:

ADDITIONAL REQUIRED INFORMATION

Include any other information that will assist the Lee-Russell Council of Governments in assessing your chances for success in this project. Include copies of documents only as they will become property of the Lee-Russell Council of Governments. Additionally, Lee-Russell Council of Governments will require any forms or documentation that are required by the participating lending institution(s).

NEW VENTURE /START-UPS

- ? Business Plan including resumes of Principals
- ? Three Year Projected Profit & Loss Statements and Balance Sheet
- ? Current Personal Financial Statements for all Principals and persons guaranteeing the loan
- ? Personal Loan Guarantees signed by all Principals and persons guaranteeing the loan
- ? If business is a
 - partnership, signed Partnership Agreement and certificate as to Partners
 - corporation, a resolution from the Board of Directors, authorizing the small business to borrow, and a copy of recorded Articles of Incorporation (including amendments or minutes indicating the current stock ownership distribution)
 - franchise, a copy of the Franchise Agreement and the Franchiser's FTC Disclosure Statement
- ? Credit Report for all Principals
- ? Letter from mortgage lender stating the amount, terms, rate and conditions of its participation
- ? Copy of proposed lease or purchase agreements or other financing arrangements – include a specific statement regarding the person or persons who will hold title to the real estate/machinery and equipment
- ? Independent appraisals on an *as is* and *complete* basis if the purchase of an existing building is included in the project
- ? Written cost estimates and authoritative certification as to its useful life if machinery and equipment is involved
- ? Other information as requested by the staff of LRCOG to support and document the proposed project.

EXISTING BUSINESSES

- ? Resumes of Principals
- ? Current Balance Sheet and Profit & Loss Statement prepared within the past 30 days
- ? Annual Balance Sheet and Profit & Loss Statement for each of the past 3 years
- ? Aging of accounts receivable and payable (should reconcile with most recent financial statements)
- ? Three Year Projected Profit & Loss Statements and Balance Sheet
- ? Current Personal Financial Statements for all Principals and persons guaranteeing the loan
- ? Personal Loan Guarantees signed by all Principals and persons guaranteeing the loan
- ? If business is a
 - partnership, signed Partnership Agreement and certificate as to Partners
 - corporation, a resolution from the Board of Directors, authorizing the small business to borrow, and a copy of recorded Articles of Incorporation (including amendments or minutes indicating the current stock ownership distribution)
 - franchise, a copy of the Franchise Agreement and the Franchiser's FTC Disclosure Statement
- ? Credit Report for the business and all Principals
- ? Letter from mortgage lender stating the amount, terms, rate and conditions of its participation
- ? Copy of proposed lease or purchase agreement or other financing arrangements – include a specific statement regarding the person or persons who will hold title to the real estate/machinery and equipment
- ? Independent appraisals on an *as is* and *complete* basis if the purchase of an existing building is included in the project
- ? Written cost estimates and authoritative certification as to its useful life if machinery and equipment is involved
- ? Other information as requested by the staff of LRCOG to support and document the proposed project.

ASSURANCES

- A) I/We certify that, upon disbursement of the RLF funds, new equity in an amount not to be less than 10% of the total project cost will be injected as a part of this project.
- B) I/We certify that no officers or principal shareholders have been convicted of any felony or any misdemeanor involving theft, dishonesty, deception, false swearing, or the filing or submission of any false or misleading information to any agency of government, nor are any charges of any such offenses pending.
- C) I/We certify that there are no judgments or lawsuits pending against the business or any of its Principals or Loan Guarantors.
- D) I/We give the assurance that this project is in compliance with all Local, State, and Federal environmental and zoning regulations. I/We further certify that the business is not currently under citation for pollution violations and that all applicable future antipollution standards will be met.
- E) I/We comply/will comply with Federal, State and Local laws concerning facility access for the physically handicapped.
- F) I/We provide/will provide a drug free workplace as defined by the Controlled Substances Act (21 U.S.C. 812) and 21 CFR 1308.11.
- G) I/We give the assurance that I/We shall now and throughout the term of this loan provide any and all information requested by the Lee-Russell Council of Governments for the purposes of monitoring my/our loan and evaluating the RLF program and its impact.
- H) I/We will notify the Lee-Russell Council of Governments in the event of a change in ownership, legal structure, or location of the business.
- I) I/We agree to pay, to the Lee-Russell Council of Governments, an annual servicing fee equal to 1/2 of 1% of the outstanding loan balance.
- J) I/We agree to pay any and all applicable late fees of 10% of the outstanding loan balance.
- K) I/We give my/our permission, upon notification to me/us, for the Lee-Russell Council of Governments to use my business as a success story in publications.
- L) Agreement of Nonemployment of Council Personnel: I/We agree that if the Loan Administration Committee approves this application, I/We will not for at least two years hire an employee or consult any one who was employed by the entity accepting this loan application.
- M) Privacy Act of 1974 Information: Certain information such as personal balance sheets are used to evaluate your application. Such information may be given to Federal, State, or local agencies for law enforcement purposes. Omission of such an item means your application might not receive full consideration.
- N) I/We authorize disclosure of all information submitted in connection with this application to the financial institution agreeing to participate in the funding of this project.
- O) As considered for any Management and Technical Assistance that may be provided, I/We waive all claims against the council entity, their elected officials, employees, agents or consultants providing such service.

ASSURANCES (CON'T)

- P) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for an applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution or security thereof, or for the purpose of influencing in any way any action of any person dealing with this loan application, or for the purpose of obtaining money, property, or anything of value, under the provisions of the RLF forfeits all rights to loan proceeds and may be prosecuted to the fullest extent provided by law.
- Q) Whoever knowingly and willfully falsifies, conceals or covers up a material fact by any trick, scheme or device, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry forfeits all rights to loan proceeds and may be prosecuted to the fullest extent provided by law.
- R) The undersigned in consideration for assistance for the RLF hereby agree that it will comply with all laws and regulations to the extent that they are applicable to such assistance, including conditions set forth in the application.

I HAVE READ AND AGREE TO THE ABOVE ASSURANCES:

If applicant(s) is a proprietor or partner, sign below:

By: _____ Date: _____

By: _____ Date: _____

Attested: _____ Title: _____ Date: _____

If applicant(s) is a corporation, sign below:

By: _____ Date: _____
(President of Company)

Attested: _____ Date: _____
(Signature of Corporate Secretary)

Personal Financial Statement

Revolving Loan Fund Document for: **The Lee-Russell Council of Governments**, 2207 Gateway Drive, Opelika, AL 36801
 Attention: Erin Stephens (334) 749-5264 ext.204 phone or (334) 749-6582 Fax or estephens@adss.state.al.us e-mail

Complete this form for: (1) each proprietor, or (2) each limited partner who owns 20% or more interest and each general partner, or (3) each stockholder owning 20% or more of voting stock, or (4) any person or entity providing a guaranty on the loan.

Name (Full Legal)	Personal E-Mail Address
Residence Address	Residence Phone
City, State & Zip Code	
Business Name of Applicant/Borrower	Business Phone
Business Address	Business E-Mail Address
City, State & Zip Code	
Business Fax	

ASSETS		LIABILITIES	
Cash on hand & in Banks	\$	Accounts Payable	\$
Savings Account(s)	\$	Note Payable to Banks and Others (Describe in Section 2)	\$
IRA or other retirement account(s)	\$	Installment Account Balance (Auto) Mo. Payments \$ _____	\$
Accounts & Notes Receivable	\$	Installment Account Balance (Other) Mo. Payments \$ _____	\$
Life-Insurance-Cash Surrender Value Only (Complete Section 8)	\$	Loan(s) on Life Insurance	\$
Stocks & Bonds	\$	Mortgage Balance on Real Estate Mo. Payments \$ _____	\$ (Describe in Section 4)
Real Estate	\$	Unpaid Taxed	\$
(Describe in Section 4)		(Describe in Section 6)	
Automobile(s) – Present Value	\$	Other Liabilities	\$
		(Describe in Section 7)	
Other Personal Property	\$	Total Liabilities	\$
(Describe in Section 5)			
Other Assets	\$	Net Worth	\$
(Describe in Section 5)			
Total	\$	Total	\$

Section 1: Source of Income		Contingent Liabilities	
Salary	\$	As Endorser or Co-Maker	\$
Net Investment income	\$	Legal Claims & Judgments	\$
Real Estate Income	\$	Provision for Federal Income Tax	\$
Other Income (Describe Below)	\$	Other Special Debt	\$

Description of other income in Section 1:

**Alimony and/or child support payments need not be disclosed in "Other Income" unless it is desired to have such payments counted towards total income.

Section 2: Notes Payable to Banks and Others. (Use attachments if necessary. Each attachment must be identified as a part of this statement and signed.)

Name and Address of Note holder(s)	Original Balance	Current Balance	Payment Amount	Frequency (monthly, etc.)	How Secured or Endorsed Type of Collateral

Note: This document is produced for the sole purpose of information gathering in regards to the Lee-Russell Council of Governments Revolving Loan Fund Program, and as such will be held confidentially. This document may not be reproduced without the consent of the signor (if filled out) or the LRCOG.

Section 3. Stocks and Bonds. (Use attachments if necessary. Each attachment must be identified as part of this statement and signed.)					
Number of Shares	Name of Securities	Cost	Market Value Quotation/Exchange	Date of Quotation / Exchange	Total Value
Section 4. Real Estate Owned (List each parcel separately. Use attachment if necessary. Each attachment must be identified as a part of the statement and signed.)					
	Property A	Property B	Property C		
Type of Property					
Address					
Date Purchased					
Original Cost	\$	\$	\$		
Present Markey Value \$	\$	\$	\$		
Name & Address of Mortgage Holder(s)					
Mortgage Account Number(s)	#	#	#		
Mortgage Balance	\$	\$	\$		
Account pr Payment per Month / Year	\$	\$	\$		
Status of Mortgage					
Rent / Other Property Income	\$	\$	\$		
Section 5. Other Personal Property and Other Assets. (Describe, and if any is pledged as security, state name and address of lien holder, amount of lien, terms of payment and if delinquent, describe delinquency.)					
Section 6. Unpaid Taxes. (Describe in detail, as to type, to whom payable, when due, amount, and to what property, if any, a tax lien attaches.)					
Section 7. Other Liabilities. (Describe in detail.)					
Section 8. Life Insurance Held. (Give face amount and cash surrender value of policies – name of insurance company and beneficiaries)					
I authorize the Lee-Russell Council of Governments to make inquiries as necessary to verify the accuracy of the statements made and to determine my credit worthiness. I certify the above and the statements contained in the attachments are true and accurate as of the stated date(s). These statements are made for the purpose of either obtaining a loan or guaranteeing a loan. I understand false statements may result in forfeiture of benefits, null any loan application that was being considered on my behalf and incur possible legal remedies as may be deemed necessary.					
Signature:		Date:		Social Security Number:	
Signature:		Date:		Social Security Number:	

Date Received in House at LRCOG: _____

Received by: _____