

EDA Revolving Loan Fund

Purpose: To encourage small business development and expansion by local manufacturers.

Eligibility: Companies in manufacturing or service industries that will create new jobs are eligible. Dislocated workers who start manufacturing or service businesses are also eligible. Eligible uses of funds include fixed assets; capital equipment purchases; facility purchase, remodeling and rehabilitation; and some working capital uses. Borrowers are expected to comply with EDA and federal requirements. At least one job must be created for every \$10,000 that is loaned.

Advantage: Provides local businesses with the opportunity to access low interest loans up to \$100,000.

Terms: Maximum loan is \$100,000 or 30% of the project cost, whichever is less. Terms are negotiable, but tend to be short-term to ensure the revolving nature of the program. The maximum term is five years. Interest rate is 60% of the Wall Street Journal prime lending rate.

City of Eau Claire

Economic Development Administration Revolving Loan Fund Application

Date of Application: _____

1. Borrower's name, address and title in company:

Company name: _____

Contact person: _____

Title: _____

Address: _____

Telephone: _____

2. Project address (if different from above):

Address: _____

Only businesses located in the City of Eau Claire are eligible for RLF assistance and loans will be recalled if the project activity is moved from the area. Businesses relocating jobs from another community area are not eligible borrowers.

3. Type of business: _____

Product or services provided: _____

SIC code: _____

4. Is this company a:

- sole proprietorship
- partnership (list below)
- corporation (list below)

5. Names, addresses, titles and percentage of ownership of all owners, officers, directors and shareholders (who own 10% or more shares) of the company. (Supply attachments if needed.) Attach resumes of all owners and officers.

Name	Title	Address	% Owned

6. Are you applying for a:

- direct loan (\$10,000 or less)
- participation loan with area lender

7. Which financial institution are you working with (name of loan officer and telephone number): _____

8. Amount of RLF loan and terms requested

Amount of loan: _____

Terms of payback: _____

Use of funds: _____

Collateral: _____

9. Reason RLF funds are needed: _____

The purpose of the RLF is to support business activities for which credit is not otherwise available on terms and conditions which would permit completion and/or the successful operation or accomplishment of the project in the following eligible areas (City of Eau Claire). The lender reserves the right to recall the loan if these requirements are not met:

10. Total project costs: _____

11. Anticipated sources and uses:

<u>Source and Amount</u>		<u>Use and Amount</u>	
Cash (owner's injection)	_____	Land	_____
RLF (City of Eau Claire)	_____	Building	_____
Participating Lender	_____	Capital Equipment	_____
Other:	_____	Working Capital	_____
_____	_____	Other:	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
Total:	_____	Total:	_____

12. Estimated number of permanent jobs created or retained as a result of the project or activity (attach Employment Plan):

No. new jobs created: _____

No. existing jobs retained: _____

No. of long-term unemployed to be hired: _____

13. How will this project have a positive impact on the economy of the city?

14. Give name and address of insurance company and amount of coverage for the following types of insurances:

Fire: _____

Hazard: _____

Business interruption: _____

Life: _____

Flood: _____

Liability: _____

15. List below the names of any past or present City of Eau Claire employees or RLF Loan Administration Board members who are related by blood, marriage, adoption, or who have any present or past financial interest or association with applicant, or any of applicants partners, officers, directors, stockholders, or business:

Name and Address	Details of Relationship or Interest

I/we certify that employees and applicants for employment of our company are not discriminated against on the basis of race, color, national origin, religion, age, handicap, or sex; and furthermore, I/we hereby certify that the information contained in this application and any supplements or attachments hereto is true, complete, and accurate. I/we realize that this document is just an application for a loan. A loan request shall not be considered approved until formal approval is made by the RLF Loan Administration Board.

Signature

Signature

Title

Title

Date

Date

Revolving Loan Fund Plan Guidelines

- Goals and Objectives:** Job creation within the City of Eau Claire.
- Small business development. Encourage the start-up of service and manufacturing businesses.
- To increase the effectiveness and to stretch the resources of the RLF program, some loans will be made in conjunction with a local financial institution as a loan participation.
- Direct loans can be made to those borrowers requesting \$10,000 or less if funds are not available elsewhere.
- In most cases, the RLF will provide 30% of a project fund. The lending institution will provide 50-60% of a project fund. The borrowers will provide 10-20% of a project fund.
- Eligible Area:** Any location within the Eau Claire city limits.
- Eligible Borrowers:** Any service or manufacturing business.
- Eligible Uses of Funds:** Purchase of capital equipment, purchase of a facility, new construction, rehabilitation and reuse of existing buildings, renovation of buildings and working capital.
- Non-eligible Uses:** Retail, restaurants, refinancing and relocation of companies.
- Collateral:** In most cases a shared first lien collateral position with a participating financial institution will take place. Fixed asset loans will be collateralized with the assets purchased.
- Working capital loans can be collateralized with inventory, fixtures and receivables or anything else the financial institution deems necessary. Proper insurances such as Hazard and Key-Man will be obtained as recommended by the financial institution.
- In some instances a subordinate lien position may be acceptable to make the project happen.

- Interest Rates:** The interest rate charged on the RLF portions of the participation loans will be at 60% of the Wall Street Journal published prime rate. Direct loans may charge a higher rate per the risk. The minimum interest rate that may be charged on all RLF loans will be no lower than four (4) percentage points below the current money center prime rate as quoted in the Wall Street Journal, but no less than four (4) percent, or the maximum interest rate allowed under state law, whichever is lower.
- Terms:** The terms of the loan will vary depending on the collateral and uses of funds. The participating financial institution will be relied upon to make term recommendations. As a guide, the RLF will normally go a maximum of 10 years on real estate, 3 years on capital equipment, and 3 years on working capital loans. Short terms will be encouraged.
- Amount of Loan:** The maximum RLF portion of a project will be \$100,000 unless special approval is given by the RLF Loan Committee.
- The average RLF loan will be less than \$25,000.
- Job Creation Ratio:** The RLF will need to see at least one job created for every \$10,000 that is loaned.
- Information Required:**
- *RLF application
 - *Financial Institution Commitment Letter
 - *Financial statements (current plus last 3 years)
 - *Pro-forma projections (start-ups)
 - *Explanation on why credit is not available in terms and conditions which would permit completion and/or the successful operation or accomplishment of the project in the Eau Claire area. The lender reserves the right to recall the loan if these requirements are not met.
 - *Business Plan (from start-ups)
 - *Federal and EDA compliance documents
 - *Employment Plan