

REVOLVING LOAN FUND APPLICATION

PURPOSE

The purpose of the Revolving Loan Fund is to provide below-market-rate gap financing to stimulate the growth of new and existing small-to-medium sized businesses in the City of Winchester. The RLF provides below-market-rate gap financing to qualifying businesses based on determination of need, where the applicant is unable to finance fully the proposed project with equity, bank financing and other private and public financing. The policies and procedures contained within this manual are to present the criteria which govern the economic development activities assisted with funds made available through the City of Winchester Economic Development Authority (EDA) Revolving Loan Fund (RLF) program.

TERMS AND CONDITIONS

Loan terms and conditions shall be structured on the basis of need and ability to repay. Minimum standards include the following.

Loan Amount: The maximum amount of **Business Growth Revolving Loan Fund** funds available for any single business enterprise shall be \$100,000 or 45% of the total project cost, whichever is less. Requests for loan amounts in excess of \$100,000 will be negotiated on a case-by-case basis.

The maximum amount of **Real Estate Development Revolving Loan Fund** funds available for any single real estate project shall be \$250,000 or 45% of the total project cost, whichever is less. Requests for loan amounts in excess of \$250,000 will be negotiated on a case-by-case basis.

Private Sector Investment: Loans shall be made in conjunction with a private lending source.

Interest Rate: The interest rate shall not exceed the rate of the private lender. The interest rate shall be fixed for the term of the loan and shall be set 50 basis points above the interest rate of U.S. Treasury security sharing the same duration as the loan term.

Loan Term and Repayment: The specific term, amortization and repayment schedule period for an individual borrower shall be based on the useful life of the asset, as well as the terms offered by the private sector financial institution participating in the project. As a general policy, the EDA wishes to keep the loan term at 5 years or less so that the RLF can be replenished. The EDA retains the right to adjust individual loan terms in order to facilitate a successful RLF project.

Prepayment: There are no penalties for prepaying the loan in whole or in part at any time during the loan term.

Collateral: Collateral requirements shall be determined on an individual basis by the EDA and may include: deeds of trust on land and buildings; liens on fixed and major movable equipment; liens on accounts receivable and inventory; liens on the corporate assets of affiliated businesses, when appropriate; and key-person life insurance coverage naming the City as a beneficiary, when appropriate. This collateral may be subordinated to private sector financial institutions participating in the RLF project, if required.

Loan Closing Fees:

The EDA shall require the applicant to pay all of the costs incurred by the EDA for the RLF loan closing, including but not limited to appraisal, legal, environmental, title insurance, recording costs and filing fees. The fees may be included in the loan application as an eligible use of RLF loan proceeds.

ELIGIBLE AREAS

The area served by the RLF program shall be within the corporate limits of City of Winchester, Virginia.

ELIGIBLE APPLICANTS



Eligible businesses are defined to include wholesale and retail trades, service enterprises, commercial and industrial businesses, healthcare and life science enterprises, advanced technology concerns, and manufacturing. For Real Estate Development RLF applications, applicants may also include owners of vacant or under-utilized property.

No member of the Winchester City Council; the EDA; or any other official, employee, or agent of the City who exercises decision-making functions or responsibilities in connection with the implementation of the RLF program is eligible for financial assistance under this program.

Applicants shall not be disqualified based on age, race, religion, color, handicap, sex, physical condition, development disability, sexual orientation or national origin.

The applicant must not be delinquent or in default on federal, state or local taxes or any existing private or publicly financed loan and will be required to sign an affidavit to that effect.

The proprietor, partner, director or any shareholder of the business must not have been convicted of a felony.

INELIGIBLE APPLICANTS

RLF loans shall not be available for Banks, savings and loan associations, non- independently owned gas stations, used car lots, bars, adult entertainment establishments, beer distributors, non-profit organizations, check cashing outlets and furniture and appliance rental shops.

ELIGIBLE ACTIVITIES

Business Growth RLF (BGRLF) loans shall be provided to eligible applicants for the following activities:

Machinery and equipment, including acquisition, delivery and installation, limited to items directly related to the operation of the business; Working capital for new sales growth. This will primarily include accounts receivable and inventory; leasehold improvements, including façade renovations; and Other activities that the EDA may identify as appropriate for the BGRLF program

Real Estate Development RLF (REDRLF) loans shall be provided to eligible applicants for the following activities: Acquisition and site preparation of vacant or under-utilized land; Acquisition, construction and rehabilitation costs associated with vacant or under-utilized buildings; Soft costs associated with property development, including legal, architectural, engineering, surveying and other related costs; Bridge financing where other sources of capital are expected to flow into a project at a later date; and Other activities that the EDA may identify as appropriate for the REDRLF program.

INELIGIBLE ACTIVITIES

RLF loans shall not be available for the following activities: Refinancing or consolidating existing debt; Leveraged buy-outs; Distribution or payment to owners, partners, shareholders or beneficiaries of the applicant; and Other activities that the EDA may identify as inappropriate for the RLF program.



Name of Business:	Tax ID#:	
Address:	Telephone #:	
Website:	Date Established:	
Applicant:	Telephone #:	
Address:	Email:	
Co-Applicant:	Telephone #:	
Address:	Email:	
<p align="center">Structure of Borrower (Check One)</p> Sole Proprietorship <input type="checkbox"/> S-Corporation <input type="checkbox"/> Limited Liability Company <input type="checkbox"/> C-Corporation <input type="checkbox"/> Limited Partnership <input type="checkbox"/> Other: _____		Is this business: New: <input type="checkbox"/> Existing: <input type="checkbox"/>

MANAGEMENT & OWNERSHIP

(Proprietor, partners, key personnel, officers, directors and all shareholders 100% ownership must be shown). Use separate sheet if necessary.

Name:	Title:	# Years with Business:
Address		% Owned:
Telephone #:	Email:	
Name:	Title:	# Years with Business:
Address		% Owned:
Telephone #:	Email:	
Name:	Title:	# Years with Business:
Address		% Owned:
Telephone #:	Email:	

ADDITIONAL CONTACT INFORMATION

Name of Primary Bank:	# of years:
Contact Name:	Telephone #:
Address:	
Name of Accountant/Bookkeeper:	# of years:
Contact Name:	Telephone #:
Address:	
Name of Business Insurance Company:	# of years:
Contact Name:	Telephone #:
Address:	



PROPOSED PROJECT

Describe the overall project for which financing assistance is being requested. *If more space is needed, please continue on separate sheet:*

PROJECT TIMELINE

When will the project be completed? If the project is being carried out in stages, please list the approximate completion date of each stage. *(All projects shall be completed within 24 months from the date of the loan approval)*

USES AND SOURCES OF FUND

What are the project costs and where will funds be obtained?

USE OF PROCEEDS	Source of Financing (enter gross \$ amount, rounded to the nearest hundred)				
	Bank	Equity	RLF	Other	TOTAL
LAND ACQUISITION					
NEW CONSTRUCTION					
EXPANSION/RENOVATION					
ACQUISITION OF EQUIPMENT					
INVENTORY PURCHASE					
WORKING CAPITAL					
OTHER					
TOTAL					



FINANCIAL COMMITMENT

Please attach details relating to the amount of capital investment that you will be leveraging for the project.

COLLATERAL SUMMARY

What assets will be available for RLF security?

Asset Category	Fair Market Value	Existing & Future Liens (List All)	Equity
Business Land & Buildings			
Business Machinery/Equipment			
Other Business Assets			
Personal Residence			
Other Personal Assets			

BUSINESS INDEBTEDNESS

Furnish information on installment debts, leases, contracts, notes and mortgages payable.

Whom Payable/Account Number	Original Amount	Outstanding Balance	Maturity Date	Interest Rate	Monthly Payment	Collateral



JOBS

If additional space is needed, continue on separate a sheet.

State the number of full-time and part-time positions presently employed.

PT: _____

FT: _____

Jobs Being Created As a Result of This Project

Job Type	Number to be Hired	Special Training Required?	Hours per week, PT/FT?	Wage estimated

Estimate the number of jobs to be created over the next five (5) year period of time _____

REFERENCES

Provide three (3) professional references including at least one creditor and one trade reference

Name of Reference:	# of years known:
Relationship:	Telephone #:
Address:	
Name of Reference:	# of years known:
Relationship:	Telephone #:
Address:	
Name of Reference:	# of years known:
Relationship:	Telephone #:
Address:	



DISCLOSURES

- 1. Have you or any officers of the company ever declared bankruptcy or defaulted on any financial or contractual obligation? YES NO
- 2. Are you or your business involved in any pending litigation? YES NO
- 3. Are you or your business delinquent on any federal, state or local taxes? YES NO
- 4. Have any of the individuals listed in the "Management & Ownership" section been convicted of a felony? YES NO

If the answer is YES to any of the above questions, please explain.

CERTIFICATION AND CONSENT TO RELEASE OF INFORMATION

I certify the above information and statements contained in the attachments are true and accurate as of the stated date(s). These statements are made for the purpose of obtaining a loan. I understand that incomplete applications may be rejected and at the very least will delay the decision on the requested loan. I authorize the Economic Development Authority of the City of Winchester to investigate the applicant's and affiliated companies' credit and financial records including banking records. As part of the investigation, I authorize the EDA to request and obtain consumer credit reports on the applicant and affiliated companies' in connection with the opening, monitoring, renewal and extension of this and other loan requests with the EDA.

Signed: _____ Title: _____

Date: _____

Signed: _____ Title: _____

Date: _____

Submit completed application package to the Economic Redevelopment Office, 15 N Cameron Street, Winchester, Virginia 22601. Once the completed application is received and deemed complete, the application will be reviewed by the EDA Loan Committee and their recommendation will be forwarded to the EDA Board at their next monthly meeting for a vote to approve or deny the application.

Questions to the Economic Redevelopment Office Staff: (540) 667-1815 ext. 1663



In addition to the Loan application please fill out the checklist below for our records.

Application Checklist	Check Off When Completed	For Office-Use Only
A completed Revolving Loan Fund Application.		
A written business plan and financial proposal. This should include a brief Company history including when it started or is to start, legal structure, management, markets, and products.		
A marketing plan, including a list of key customers and clients, a discussion of your industry, and a discussion of competition, need for RLF financing and other matters relevant to your application.		
Financial Statements for the past three years and a current interim financial statement must include Balance Sheets and Income Statements and Cash Flow Statements. Federal Income Tax returns prepared for the business for the last three (3) years.		
Aging of accounts receivable and accounts payable corresponding with latest available financial statements.		
Personal Resumes for individuals listed in "Management & Ownership" section of application, including: number of years of experience in the business; educational background; and role in the proposed or existing business.		
A description of how the business plans to use the requested funds.		
Most recent three (3) years personal Federal Income Tax returns [1040] for each owner with twenty percent (20%) or greater ownership.		
Personal Financial Statement for each owner with twenty percent (20%) or greater ownership or any co-signers and/or guarantors for the requested loan. Form Attached.		
List of vendor/supplier cost estimates (including installation) of machinery, equipment, furniture or fixtures to be purchased with the loan if applicable.		
Projected Balance Sheets, Income Statements and Cash Flow Statements for three (3) years (first year on a month-by-month basis for new businesses).		
A copy of your lease agreement or a proposed lease agreement (tenant leases for real estate projects). Prior to closing, a fully executed lease agreement and landlord's waiver will be required.		
Letters of commitment from all financial institutions or other sources of funds for the debt financing that are included in the project.		
If applicable, please include details if you, other stockholders or partners ever defaulted on loan obligations or been involved in bankruptcy proceedings.		
If applicable, please include details if your present company (ies) or any of your past business enterprises ever defaulted on financial or contractual obligations.		



Details if you or your business is involved in any pending lawsuits or lawsuits.		
Details if you, other stockholders or partners ever were convicted of a felony.		
A copy of the franchise agreement if your business is a franchise.		
A copy your company's organizational documents (i.e. Articles of Incorporation, By-Laws, Partnership Agreement, Fictitious Name Documents, etc.)		
Attached description of the applicant's facility and a plat plan or photo.		

