

Business Growth Revolving Loan Fund (BG-RLF)

PURPOSE

The Business Growth Revolving Loan Fund (BG-RLF) provides market rate-loans for gap financing for projects of small-to-medium sized businesses in the city where the applicant is unable to fully finance the proposed project after exhausting equity, bank financing, and other private and public financing.

The policies and procedures contained within this document set forth the criteria by which the EDA may determine which economic development activities may be supported with funds made available through the EDA's Business Growth Revolving Loan Fund (BG-RLF).

TERMS AND CONDITIONS

Generally, BG-RLF offers a loan up to \$100,000 or 35% of the project cost for Enterprise Zone (EZ) projects, whichever is lower. For non-EZ projects, the maximum loan amount remains \$100,000 or up to 25% of project cost, whichever is lower.

The EDA board may award incentives above the threshold in cases where the project significantly impacts economic and/or workforce development efforts within the City of Winchester. For a project to significantly impact economic and/or workforce development efforts, it must achieve several of the Citywide Economic objectives as defined by the most recent Winchester Comprehensive Plan. The ultimate incentive value is at the full discretion of the board.

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 fifty (50) basis points above the interest rate of U.S. Treasury security sharing the same duration as the loan term except in cases where the EDA board determines an alternative rate is preferable.

The specific term, amortization and repayment schedule 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. The loan term will be five (5) years or less, unless otherwise negotiated between the applicant and the EDA. The EDA retains the right to adjust individual loan terms in order to facilitate a successful BG-RLF

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

Loans shall be made in conjunction with other sources of financing. EDA loans serve as secondary sources of financing after primary, private lending sources are exhausted.

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 BG-RLF project, if required.

Loans are possible if the property is being leased or purchased under contract if all parties to the lease or contract agree to the improvements in writing.

All plans for properties located within the Primary or Secondary Districts must be approved by the Board of Architectural Review to ensure consistency with the architectural theme.

APPLICATION PROCESS

Applicants should submit a completed loan application form with detailed descriptions of the proposed project and cost estimates. Applications must be submitted before the project begins.

Applications with all required materials will be forwarded to the Finance Committee of the Winchester Economic Development Authority for preliminary review prior to a full board vote for approval. Loan approval and award amounts are at the discretion of the Economic Development Authority Board. Full loan amounts are not guaranteed.

Any information submitted by the applicant that is intended to remain confidential shall be noted with specificity. The EDA shall determine (with advice from legal counsel if needed) whether any such information qualifies for confidential treatment under applicable Virginia law. Any questions regarding confidential treatment should be discussed with the EDA prior to the submission of any information requested by the applicant to remain confidential.

The applicant will need to receive financial approval as part of the approval process and the financial underwriting criteria.

The EDA shall require the applicant to pay all of the costs, if any, incurred by the EDA for the BGR-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 BG-RLF proceeds.

All approved EDA loans require the signing of a promissory note to receive funds.

If approved, all projects shall be completed, all funds expended, and all jobs created and/or retained within 24 months from the date of loan approval.

Only one application may be approved per individual business, as determined by tax ID, during the life of the loan. Subsequent applications outside of the loan interval may be considered in the event the proposed project differs substantially from the previously approved project.

ELIGIBLE AREA

The incentive is available citywide; however, priority will be given to properties located within the EZ.

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.

In order to receive incentives from the EDA, applicants must be in good standing with or otherwise recognized by the State Corporation Commission as eligible to transact business in Virginia, as well as recognized by the CoR and Treasurer for the City of Winchester as eligible to transact business in the City, in possession of a current business license to operate in the City (as applicable) and not be delinquent in paying any prior taxes.

The EDA shall not discriminate on the basis of race, religion, sex, color, age, sexual orientation or national origin in reviewing and approving applications and administering the incentive program.

*"Mixed-use" is defined as building incorporating residential uses in which a minimum of 35% of the usable floor space is devoted to commercial, office, or industrial purposes.

INELIGIBLE APPLICANTS

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 BG-RLF is eligible for financial assistance under this program.

Non-profits organizations, banks, savings and loan associations, non-independently owned gas stations, used car lots, adult entertainment establishments, check cashing outlets, and furniture and appliance rental shops are ineligible for EDA incentives.

ELIGIBLE ACTIVITIES

- Machinery and equipment, including acquisition, delivery and installation, limited to items directly related to the operation of business
- Working capital for new sales growth, including accounts receivable and inventory
- Leasehold improvements, including façade renovations
- Other activities that the EDA may identify as appropriate for the BGR-RLF program

INELIGIBLE ACTIVITIES

- Refinancing or consolidating existing debt
- Leveraged buy-outs
- Distribution or payment to owners, partners, shareholders, or beneficiaries of the applicant
- Other activities that the EDA may identify as inappropriate for the BGR-RLF program

BG-RLF APPLICATION

Legal Name of Business:	Tax ID#:
Property Address:	Telephone #:
Website:	Date Established:
Applicant:	Telephone #:
Address:	Email:
Co-Applicant:	Telephone #:
Address:	Email:
Property Owner:	Telephone #:
Property Owner's Address:	Email:
<p>Structure of Borrower (Check One)</p> <p>Sole Proprietorship: <input type="checkbox"/> S-Corporation: <input type="checkbox"/> C-Corporation: <input type="checkbox"/></p> <p>Limited Liability Company: <input type="checkbox"/> Limited Partnership: <input type="checkbox"/> Other: _____</p>	
<p>Is this business New or Existing?</p> <p>New: <input type="checkbox"/></p> <p>Existing: <input type="checkbox"/></p>	<p>Is this business in the Enterprise Zone?</p> <p>Yes: <input type="checkbox"/></p> <p>No: <input type="checkbox"/></p>
<p>Amount Requested (<i>May not exceed \$100,000 or 25%/35% of project cost</i>)</p>	

MANAGEMENT & OWNERSHIP

Proprietor, partners, key personnel, officers, directors and all shareholders 100% ownership must be shown.

Name:	Title:	# of Years with Business:
Address:		% Owned:
Telephone #:	Email:	
Name:	Title:	# of Years with Business:
Address:		% Owned:
Telephone #:	Email:	
Name:	Title:	# of 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 a separate sheet.*

PROJECT TIMELINE

When will the project be completed? If the project was 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)*

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USES AND SOURCES OF FUND(S)

What are project costs and where will funds be obtained? Enter gross \$ amount, rounded to the nearest hundred for each use of proceeds section.

Use of Proceeds	Bank	Equity	BGR-RLF	Other	TOTAL
Land Acquisition					
New Construction					
Expansion/Renovation					
Acquisition of Equipment					
Inventory Purchase					
Working Capital					
Other					
TOTAL					

FINANCIAL COMMITMENT

Please attach detailed invoices relating to the amount of capital investment that you leveraged for the project.

COLLATERAL SUMMARY

What assets will be available for BGR-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

State the number of Full-Time and Part-Time positions presently employed by your business (if applicable)

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 positions that will be created over the next (5) year period of time: _____

REFERENCES

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

Name of Reference:	# Years Known:
Relationship:	Telephone #:
Address:	
Name of Reference:	# Years Known:
Relationship:	Telephone #:
Address:	
Name of Reference:	# Years Known:
Relationship:	Telephone #:
Address:	
Name of Reference:	# 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, please explain:

CERTIFICATION

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 authorize the Economic Development Authority of the City of Winchester to make inquiries as necessary to verify the accuracy of the statements made and to determine by credit worthiness.

I give my consent for the Commissioner of the Revenue to divulge and the City Manager and his/her designee(s) to receive any and all information pertaining to the assessment, payment and/or collection of taxes paid by the applicant, such information to be used for the sole purpose of administering this incentive.

I authorize the EDA to investigate the applicant's and affiliated companies' credit and financial records including bank 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 other loan requests with the EDA. I understand that the EDA may ask for additional information not listed as they deem necessary to complete my application.

Funds will not be disbursed if improvements do not comply with the project as approved. Applicant agrees to terms as set forth above and agrees to abide by loan policies.

Signed: _____

Title: _____

Date: _____

Signed: _____

Title: _____

Date: _____

Applications can be submitted in person, by mail, or electronically to the Economic Development Authority located at 117 E. Piccadilly St., Ste. 301, Winchester, VA 22601. Applications may also be emailed to econ.dev@winchesterva.gov.

NECESSARY DOCUMENTS

Application Checklist	Check Off When Completed	For Office-Use Only
Completed BG-RLF 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 BG-RLF financing and other matters relevant to your application.		
Financial Commitment. (A document detailing how much capital investment you will be leveraging personal equity and lending for the project.)		
A debt schedule listing debt, to whom payable, and monthly debt amount for each owner with twenty percent (20%) or greater ownership or any co-signers and/or guarantors for the requested loan		
Aging of accounts receivable and accounts payable corresponding with latest available financial statements		

Most recent two (2) 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 (20%) or greater ownership or any co-signers and/or guarantors for the request loan including recent credit reports		
Projected Balance Sheets, Income Statements and Cash Flow Statements for two (2) years (first year on a month-by-month basis for new businesses)		
For businesses less than two (2) years old, 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		
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		
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 of your company's organizational documents (i.e. Articles of Incorporation, By-Laws, Partnership Agreement, Fictitious Name Documents, etc.)		
A signed affidavit confirming the applicant is not delinquent or in default on federal, state, or local taxes or any existing private or publicly financed loan.		
List of vendor/supplier cost estimates (including installation) of machinery, equipment, furniture or fixtures to be purchased with the loan if applicable		
Attached description of the applicant's facility and a plat plan or photo		

INTERNAL USE ONLY

Amount requested:
Amount suggested after review:
Approval by EDA (Y/N, amount, date):
Check issued (date):
Comments: