

**GOODHUE COUNTY EDA  
GOODHUE COUNTY REVOLVING LOAN FUND PROGRAM**

**BACKGROUND**

Revolving Loan Funds (RLF) have become an increasingly popular business financing tool because of their ability to leverage public and private dollars and recycle funds. RLFs provide businesses with secondary direct loans, loan guarantees and other financial assistance. As the RLF receives the principal and interest from outstanding loans, the money is made available to another borrower. This recycling of funds makes RLFs particularly valuable in light of the growing scarcity of development funds.

RLF's are designed to alleviate the high cost and short supply of capital for businesses by providing flexible loan terms. Typically, RLFs lower the rate, lengthen the term or reduce the risk of a loan. By increasing accessibility to capital, RLFs are an effective tool of leveraging. RLFs are typically combined with other public or private dollars and are used to initiate, facilitate and promote the county's legitimate economic development interests. This program is intended to complement, not replace, existing local development incentives.

**ELIGIBLE USES OF THE REVOLVING LOAN FUND**

1. Land & Building Acquisition
2. Land Improvements
3. New Building Construction
4. Building Renovation
5. Machinery, Equipment & Fixtures – the remaining effective life must be equal to or exceed the life of the loan
6. Must be a for profit business
7. Applicant can be a municipality or township on behalf of for-profit economic development project.

**INELIGIBLE USES OF THE REVOLVING LOAN FUND**

1. Debt Refinancing
2. Working Capital
3. Equipment Relocation
4. Residential Real Estate
5. Taxes
6. Professional Fees
7. Gambling

**TERMS AND CONDITIONS**

1. Term is determined by the RLF Committee and fixed at 5 years or less.
2. Minimum loan fixed interest rate shall be determined by the committee.
3. Maximum loan amount shall not exceed \$15,000.
4. Minimum loan amount is \$5,000.
5. RLF Loan shall not exceed 50% of the total project costs.
6. Applicant will pay 1 point towards legal, recording and other fees.
7. The applicant must establish and maintain the business within the boundaries of Goodhue County.
8. All construction and renovation must comply with the City codes and policies; repairs may include the following: 1) mechanical, heating, plumbing and electric 2) structural, including the facade and energy related improvements.
9. Security and personal guaranty requirements will be determined by the RLF Committee. These requirements shall be consistent with the financial industry standards.
10. Life insurance, key man policy and business interruption policies may be required.

11. Applicants must be willing to sign a personal guaranty if required.
12. No project may commence until Goodhue County has approved the loan. Any costs incurred before the loan application has been approved are not eligible expenditures.
13. No building construction may commence until the required permits are secured.
14. Applicant must demonstrate that the assets involved for an amount not less than total outstanding loans. Goodhue County will be named as a “loss payee” on said assets and the appropriate filings will be made – UCC or Mortgage.
15. The City in which the applicant’s business resides, must submit a letter of support and level of willingness to guarantee the loan.

**PROCEDURE**

1. Applicant meets with the Goodhue County EDA Director and secures an application form.
2. Applicant submits the completed application along with required attachments to the EDA.
3. The EDA Director schedules a meeting of the RLF Committee to review the application.
4. RLF Committee reviews application and makes a recommendation to the Goodhue County Board of Commissioners.
5. If a favorable recommendation is determined, the EDA Director will place this item on the agenda for the next regularly scheduled Goodhue County Board of Commissioners Meeting. The RLF Committee is expected to give their approval or state their reason for disapproval within 30 days. A simple majority is needed for approval.
6. EDA Director makes the presentation to the County Board with the applicant in attendance.
7. If the County Board approves the loan, the EDA Director will be instructed to prepare the necessary documentation and have the documentation reviewed by the County Attorney.
8. Upon completion of the documentation, the loan is closed upon and documents are recorded.
9. Applicant commences with monthly payments per the repayment schedule.

Applicant should allow for at least a 30 day timeframe once the completed application and all required documentation are submitted. The EDA Director will assist the applicant through all stages of the application process. The Committee will review the loan request utilizing financial industry standards including but not limited to:

1. Applicant is credit worthy
2. Applicant can show lender commitments
3. Applicant is willing to sign a personal guaranty
4. Applicant can pledge adequate collateral
5. Applicant can inject adequate equity

**MAKEUP OF THE RLF COMMITTEE**

1. Goodhue County EDA Chair:	1
2. Goodhue County EDA Member:	1
3. County Auditor/Treasurer:	1
4. EDA Staff:	1
5. SCORE Member:	<u>1</u>
Total RLF Committee Members:	5

**GOODHUE COUNTY REVOLVING LOAN FUND PROGRAM  
APPLICATION**

Name of Business: \_\_\_\_\_

Business Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ Phone: \_\_\_\_\_

Contact Person: \_\_\_\_\_ Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

Type of Business: \_\_\_\_\_ Sole Proprietorship \_\_\_\_\_ Partnership \_\_\_\_\_ Corporation \_\_\_\_\_ Other

Date Established: \_\_\_\_\_ SIC Code: \_\_\_\_\_

Employers Federal Identification Number: \_\_\_\_\_

Employers State Identification Number: \_\_\_\_\_

Name of Owner #1:

Name of Owner #2

Percentage Owned: \_\_\_\_\_%

Percentage Owned: \_\_\_\_\_%

Home Address:

Home Address:

City, State, Zip

City, State, Zip

Home Phone: \_\_\_\_\_

Home Phone: \_\_\_\_\_

Social Security #: \_\_\_\_\_

Social Security #: \_\_\_\_\_

**Professional Services/References:**

Name of Bank: \_\_\_\_\_ Phone: \_\_\_\_\_

Bank Address: \_\_\_\_\_

City, State, Zip: \_\_\_\_\_

Contact Person: \_\_\_\_\_ Account #: \_\_\_\_\_

Working Capital Line of Credit: \_\_\_\_\_ Fax: \_\_\_\_\_

Name of Attorney: \_\_\_\_\_

Attorney Address: \_\_\_\_\_

City, State, Zip: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

Name of Accountant: \_\_\_\_\_

Accountant Address: \_\_\_\_\_

City, State, Zip: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

**Current and Projected Employment:**

<u>Type of Employment</u>	<u>Employment Projections</u>						<u>Wage</u>
	<u>Existing Jobs</u>		<u>First Year</u>		<u>Second Year</u>		
Professional/Managerial/Technical	___FT	___PT	___FT	___PT	___FT	___PT	\$___/___
Skilled	___FT	___PT	___FT	___PT	___FT	___PT	\$___/___
Unskilled/Semi-skilled	___FT	___PT	___FT	___PT	___FT	___PT	\$___/___
TOTALS	___FT	___PT	___FT	___PT	___FT	___PT	

<b>Sources and Uses of Funds:</b>	<b>RLF</b>	<b>Bank</b>	<b>Equity</b>	<b>( )</b>	<b>Total</b>
Acquire Land	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Acquire Building	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Improve/Renovate Building	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Purchase Equipment/Mach	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Inventory	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Working Capital	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Other _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Other _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
TOTALS	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

<b>Project Summary:</b>	<b>RLF</b>	<b>Bank</b>	<b>( )</b>	<b>( )</b>
Loan Amount	\$ _____	\$ _____	\$ _____	\$ _____
Loan Term (Years)	_____	_____	_____	_____
Loan Interest Rate	_____ %	_____ %	_____ %	_____ %
Annual Debt Service	\$ _____	\$ _____	\$ _____	\$ _____

Type of Collateral	_____	_____	_____	_____
Security Position	_____	_____	_____	_____
Type of Guarantee	_____	_____	_____	_____

**Possible Required Attachments:**

- A. Business Plan including description of project, business history, scope of business, product offered and financial projections.
- B. Signed personal financial statements dated as of the date of application for any person who owns 20% or more interest in the business.
- C. Federal tax returns filed by the business for the previous two years or audited financial statements.
- D. Any other information, including any key person insurance, which may be available to secure the loan.
- E. Information concerning any pending or threatened litigation or administrative proceeding, and outstanding administration orders, judgments or injunctions or involvement in any bankruptcy.
- F. Certification of business compliance with all state laws affecting the conduct of business within the state including evidence of payment of last quarters payroll tax and workers compensation insurance coverage.
- G. Letter from:
  - 1. The County Clerk verifying there are no outstanding judgments against the business or business owners.
  - 2. The County Recorder verifying there are no outstanding State or Federal Tax Liens against the business or business owners.
  - 3. The County Treasurer and Auditor verifying there are no past due real estate taxes owed by the business or business owners.
- H. Statement from the applicant that the project could not be done but for this financing.
- I. Statement concerning the source of equity for the project, and how it will be obtained and appraised.
- J. Statement concerning how the project will benefit the community and impact the local tax base.
- K. Copy of the last commitment letter from the bank indicating the working capital line of credit.
- L. Commitment letter from the bank regarding the financing the bank will provide for this project.
- M. Support letter from City.

**Signatures:**

I declare that any statement in this application and in its required attachments, or information provided herein, is true and complete in substance and in fact. I am aware that the Goodhue County Revolving

Loan Fund Committee is subject to the open meeting laws of the State of Minnesota and that the application information and required attachments will become public data once a funding decision has been reached. I am aware that until such time as a funding decision has been reached that the application materials will be considered nonpublic data other than company name, address and other identifying information.

Name of Business: \_\_\_\_\_

By: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_

Attest: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_

## INFORMATION RELEASE AUTHORIZATION

To Whom it May Concern:

You are hereby authorized to release to the Goodhue County Economic Development Authority, its successors and assigns any information you may possess regarding the following:

- \* Employment history, dates of employment, title, income, stability, etc.
- \* Banking and savings accounts, deposits and balance verifications.
- \* All Loan ratings, opening date, high credit, payment amount, loan balances, payment records and pay off information.
- \* Any other information requested in connection with a determination of credit worthiness.

This information is for the use of the Goodhue County Economic Development Authority and its investors, successors and assigns in connection with my/our application and the conduct of Post closing Quality Control Audits as required by various government and quasi-government agencies.

A photocopy of this authorization for the business and individuals, bearing the photocopied signatures of the undersigned, may be deemed to be the equivalent of the original and may be treated and used as a duplicate original.

This authorization expires on: \_\_\_\_\_

\_\_\_\_\_  
Business Name

\_\_\_\_\_  
Federal Tax Identification Number

\_\_\_\_\_  
Address

\_\_\_\_\_  
State Tax Identification Number

\_\_\_\_\_  
City, State, Zip

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
Applicant's Full Name

\_\_\_\_\_  
Social Security Number & Date of Birth

\_\_\_\_\_  
Applicant's Signature

\_\_\_\_\_  
Applicant's Full Name

\_\_\_\_\_  
Social Security Number & Date of Birth

\_\_\_\_\_  
Applicant's Signature