

MCEDC Revolving Micro Loan Application Checklist

Return Completed Loan Packet to:

**MCEDC Micro Loan Committee
Marshall County Economic Development Corporation
2864 Miller Drive
Plymouth, IN 46563**

Loan packet should include:

1. Review Loan Guidelines
2. Completed Request for Funds Information/Including permission to conduct credit report
3. Completed Collateral Information
4. Personal Financial Statement
 - a. And Latest Profit/Loss, Balance Sheets and Tax returns for existing business
5. Approved Business Plan with projected cash flow for three years for new business
 - a. A Brief Business Summary (Outline provided) for existing business
6. List of references

MCEDC Small Business Micro Loan Program For Marshall County Business Development and Expansion Guidelines

Eligibility

Loan funds are available to small and emerging business enterprises. A small and emerging business is defined as any private business that will employ 50 or fewer new employees; has less than \$1 million in projected gross revenues; has, or will utilize, technological innovations and commercialization of new products that can be produced or manufactured in rural areas; and new processes that can be used in such production (*USDA Guidelines*). A start up business is defined as a business that has been established less than 2 years. An existing business is defined as a business that has been operating for 2 years or more. Start-up businesses must present a complete and approved business plan and preferably will have completed an entrepreneurial training program such as the business planning course offered by MCEDC. All loan applicants will typically be asked to appear before the loan committee at the time of their formal request for funds.

Amount

The micro loan program is developed to utilize available funds granting loans up to \$15,000 or \$20,000 based upon need.

Interest Rate

+ .5 to 1 point above the Wall Street Journal Published PRIME Rate

Collateral

All loans are required to have sufficient collateral

Funds may be used to (USDA Guidelines)

Facilitate the development of small and emerging private business enterprises. Costs that may be paid from the loan pool include the acquisition and development of land and the construction of buildings, plans, equipment, access streets and roads, parking areas, and utility and service extensions; refinancing; fees for professional services; technical assistance and adult training associated with technical assistance; startup operating costs and working capital, providing financial assistance to a third party; production of television programs to provide information to rural residents; and to create, expand, and operate rural distance learning networks.

Funds may NOT be used for

1. Production of agricultural products through growing, cultivating, and harvesting either directly or through horizontally integrated livestock operations except for commercial nurseries or timber operations or limited agricultural production related to technical assistance.
2. Comprehensive area wide planning.
3. Loans by grantees when the rates, terms, and charges for those loans are not reasonable or would be for purposes not eligible under RBEG regulations.
4. Development of a proposal that may result in the transfer of jobs or business activity from one area to another. This provision does not prohibit establishment of a new branch or subsidiary.
5. Development of a proposal which may result in an increase of goods, materials, commodities, services, or facilities in an area when there is not sufficient demand.
6. To fund part of a project which is dependent on other funding, unless there is a firm commitment of the other funding to ensure completion of the project.

All applications are considered without regard to race, color, religion, sex, national origin, age marital status, or physical or mental handicap (provided applications have the capacity to enter into a legal contract) of the members of the groups applying for assistance.

Ineligible Businesses

Businesses cannot be engaged in illegal activities, loan packaging, speculation, multi sales distribution, gambling, investment or lending, or where the owner is on parole.

Specific types of businesses not eligible include:

Real Estate Investment – firms exist when the real property will be held for investment purposes – as opposed to loans to otherwise eligible small business concerns for the purpose of occupying the real estate being acquired.

Other Speculative Activities – are those firms developing profits from fluctuations in price rather than through the normal course of trade, such as wildcatting for oil and dealing in commodities future, when not part of the regular activities of the business.

Lending Activities – include banks, finance companies, factors, leasing companies, insurance companies (not agents), and any other firm whose stock in trade is money.

Pyramid Sales Plan – are characterized by endless chains of distributors and sub-distributors where a participant's primary incentive is based on the sale by an ever-increasing number of participants. Such products as cosmetics, household goods, and other soft goods lend themselves to this type of business.

Illegal Activities – are by definition those activities, which are against the law in the jurisdiction where the business is located. Included in these activities are the production, servicing, or distribution of otherwise legal products that are to be used in connection with an illegal activity, such as selling drug paraphernalia operating a motel that permits illegal prostitution.

Gambling Activities – include any business whose principal activity is gambling. While this precludes loans to race tracks, casinos, and similar enterprises the rule does restrict loans to otherwise eligible businesses, which obtain less than one-third of their annual gross income from either 1) the sale of official state lottery tickets under a state license, or 2) legal gambling activities licensed and supervised by a state authority.

Charitable, Religious, or other Non-Profit, government-owned corporations, consumer and marketing cooperative churches and organizations promoting religious objectives are not eligible.

Loan Policies

- The Loan Review Committee will determine the term for each loan.
- Fees, including credit checks, closing costs and filing fees, if charged, will normally be covered through the loan origination fee. If circumstances determine that additional research is necessary any further expenses will not exceed 5% of the loan. No applicant will be denied for inability to pay for these fees.

Underwriting/documentation

The loan applicant will be required to provide the following materials for use in the underwriting process.

For start-up businesses:

- Loan application/request for funds form, including authorization for credit report
- Approved business plan including projected cash flow for 3 years
- Itemized detail for loan uses noting the source of estimated costs
- Personal financial statement(s) of owner(s)
- List of potential collateral (collateral form)

Existing businesses will be asked to provide the documents listed above, with the exception of the business plan but including latest profit/loss and balance sheet and tax returns. Existing businesses are also required to submit a brief business summary in lieu of a full business plan (outline provided).

Loan Review

Once the application materials have been received, the appointed loan committee will review and discuss the strengths and weaknesses of the loan. Emphasis on the underwriting criteria is listed below.

- Credit factors, such as repayment ability, equity & debt levels, liquidity, break-even analysis, trends and credit history
- Market factors, such as market analysis, competition, strategy and unique market conditions
- Management & organization factors, such as key personnel, management structure, and decision-making processes
- Collateral & valuation, such as type and amount of collateral coverage in the case of liquidation
- Technical assistance needs, such as bookkeeping, financial projections, marketing assistance, and how they will be met

The Loan Committee Chairperson using the experience and expertise of the loan committee members and others will work with the applicant to restructure or address any weaknesses of the loan until the loan package is strong enough to present to the Loan Review Committee. The loan committee has the authority to reject loans they do not feel are credit worthy or that do not meet the mission of MCEDC Loan Program.

Monitoring and Collections

Loan monitoring will be conducted on a regular basis for each loan in the portfolio, which may include the following:

- Review financial reports submitted by borrower to look for negative change in sales or in cash, lengthening payables or receivables, unusual payments, larger than normal amounts owed to IRS, State of Indiana, the borrower's insurance company, key vendors or banker.
- Conduct site visits and phone call check-ins regularly— Contact with the borrower will be used to evaluate business trends and issues, and technical assistance needs of the borrower. All monitoring contacts and their outcomes (referrals for TA, etc.) will be noted in the loan file.

Late payments, Default, Collections, Foreclosure

Reminder calls will be made to borrowers that are 10 days past due.

Borrowers that are 30 days past due will be informed by letter or phone that they are delinquent. Penalty fees can be assessed in compliance with loan documents.

For borrowers that are still in business and have reasonable plans for coming into compliance, the loan will be renegotiated in accordance with a workout plan developed by loan committee, MCEDC staff and the borrower. Workout measures might include interest-only payments for some period, a revised payment schedule, or a short-term moratorium. Any new agreement for repayment will be documented by an amendment to the loan agreement. The workout plan will include benchmarks for measuring progress toward plan and will address plans for liquidation, voluntary or involuntary.

All applications are considered without regard to race, color, religion, sex, national origin, age marital status, or physical or mental handicap (provided applications have the capacity to enter into a legal contract) of the members of the groups applying for assistance.

Marshall County Economic Development Corp.
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574-935-8499

**SMALL BUSINESS MICRO LOAN
PROGRAM
Request For Funds**

DATE: _____

BUSINESS INFORMATION

Business Status New Existing

If existing, date established _____

Number of employees (including owner) Full time Part time

Federal Tax ID number _____

Business Name: _____

Business Address: _____

Business Phone: _____

Business Structure: partnership sole proprietorship S corporation
 C Corporation other _____

If applicable, are your payroll taxes up to date? Yes No

If applicable, are your sales taxes up to date? Yes No

Owner's Name (any individual who owns 20% or more of the company)

1. Name _____

 Title _____

 % ownership _____

 Address _____

 Telephone number _____ Cell Phone: _____

 Date of birth _____ e-mail address: _____

 Are you a U.S. citizen? _____ Social Security Number _____

2. Name _____
 Title _____
 % ownership _____
 Address _____
 Telephone number _____
 Date of birth _____ e-mail address: _____
 Are you a U.S. citizen? _____ Social Security Number _____

3. Name _____
 Title _____
 % ownership _____
 Address _____
 Telephone number _____
 Date of birth _____
 Are you a U.S. citizen? _____ Social Security Number _____

FUNDS REQUEST

(The MCEDC Loan Committee determines the final rates and term of all loans)

How much would you like to borrow? \$ _____

Requested payment term? (years) _____

How will you use these funds? _____

	<u>Amount?</u>	<u>Description</u>
Supplies or merchandise	\$ _____	_____
Tools and Equipment	\$ _____	_____
Improvements to business	\$ _____	_____
Marketing/Advertising	\$ _____	_____
Other	\$ _____	_____

Jobs Created _____ Jobs Saved _____ Jobs Verified _____

Add additional information if needed.

Please read and sign below. All partners and officers must sign this application.

The information provided in this application is accurate to the best of my knowledge. I authorize the lender or agent to verify the information contained herein and to make such additional normal inquiries as reasonably may be related to or associated with the application, from credit bureaus and from employers, creditors, and references listed on this application, and agree that such information, along with this application, shall remain the lender's property. I also understand that the lender has the right to reject any loan application.

Accepted: _____

Title: _____

Date _____

Accepted: _____

Title: _____

Date _____

Accepted: _____

Title: _____

Date _____

The USDA requires that all loans have sufficient collateral

Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html
We are pleased that a portion of the money available may be used to target technical assistance to help a, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. This institution is an equal opportunity provider and employer. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250_9410, by fax (202) 690-7442 or email at program.intake@usda.gov

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SMALL BUSINESS LOAN PROGRAM
Personal Financial Statement

Personal Financial Statement of _____

Prepared as of _____

ASSETS		LIABILITIES	
	Estimated Current Value		Amount
Cash in Banks and Money Market Accounts	_____	Mortgages	_____
Amounts Owed Me	_____	Broker Loans/ Margin Accounts	_____
Stocks / Bonds	_____	Broker Loans / Notes	_____
Other Investments	_____	Life Insurance Loans	_____
Life Insurance (Cash Surrender Value)	_____	Charge Accounts	_____
IRA and Keogh Accounts	_____	Pledges to Charity	_____
Pension and Profit Sharing (vested interest)	_____	Divorce Settlement	_____
Real Estate: Home	_____	Support Obligations	_____
Other	_____	Alimony	_____
Business Interests	_____	Taxes Owed: Income	_____
Personal Property*	_____	Real Estate	_____
_____	_____	Other	_____
_____	_____	Other Liabilities	_____
_____	_____	_____	_____
TOTAL ASSETS	_____	TOTAL LIABILITIES	_____

NET WORTH _____ *(subtract liabilities from assets to find net worth)*

*Include furnishings, cars jewelry, collections, security deposit on rent, etc.

Source of Income

Contingent Liabilities

Salary	\$ _____	As an Endorser or Co-Maker	\$ _____
Net Investment Income	\$ _____	Legal Claims and Judgments	\$ _____
Real Estate Income	\$ _____	Provision for Federal Income Tax	\$ _____
Other Income (Describe)	\$ _____	Other Special Debt	\$ _____

Description of Other Income from above _____

Notes Payable to Banks and Others, (Use attachments if necessary. Each attachment must be identified as part of the statement and signed.)

Names and Address of Noteholder(s)	Original Balance	Current Balance	Payment Amount	Payment Frequency (monthly, etc.)	How Secured or or Endorsed Type of Collateral
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_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

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
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_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Real Estate Owned (List each parcel separately. Use attachment if necessary. Each attachment must be identified as part of this statement and signed.)

Type of Real Estate (e.g. Primary Residence, Other Residence, Rental Property, Land, etc.)	Property A	Property B	Property C
Address	_____	_____	_____
Date Purchased	_____	_____	_____
Original Cost	_____	_____	_____

Present Market Value _____

Mortgage Holder _____

Mortgage Balance _____

Mortgage Acct. Number _____

Amount of Payment per
Month/Year _____

Status of Mortgage _____

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.)

Unpaid Taxes. (Describe in detail as to type, to whom payable, when due, amount, and to what property, if any a tax lien attaches.)

Other Liabilities. (Describe in detail.)

Life Insurance Held (Give face amount and cash surrender value of policies – name of insurance company and Beneficiaries.)

I authorize MCEDC to make inquiries as necessary to verify the accuracy of the statement made and to determine my credit worthiness.

CERTIFICATION: (to be completed by each person submitting the information requested on this form)

Signature _____ Date _____

Print Name _____ Social Security No. _____

Signature _____ Date _____

Print Name _____ Social Security No. _____

Signature _____ Date _____

Print Name _____ Social Security No. _____

Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html
 We are pleased that a portion of the money available may be used to target technical assistance to help a, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. This institution is an equal opportunity provider and employer. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250_9410, by fax (202) 690-7442 or email at program.intake@usda.gov

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Revolving Loan Fund

Business Summary

(2yr or Older)

Background

When established

Who established

Products/services offered

Approximate sales growth

Who manages the business? (Include paid professionals)

Any other relevant information

Business Strengths and Weaknesses

Competition

Identify

Trends in the Industry

Goals

Short-term and long-term

Customers

Who are they? Businesses? Individuals? Both? Elderly, teenagers, grandparents, homeowners, college students, etc.

Marketing

What have proven to be the most effective marketing tools? How do you measure effectiveness? Where is your business "positioned" in the customer's mind?