

City of Norwalk

Revolving Loan Fund Requirements

Please read carefully before completing an application!

State and federal guidelines require that certain stipulations must be met for revolving loan fund projects to go forward. Please read the following list of requirements to ensure that your application is complete and that your project can meet these requirements.

- 1. The Norwalk RLF application must be filled out completely.** Further, it must contain additional information, including:
 - For every fixed cost in the project, a **third party cost certification** (contractor's estimate, vendor's equipment price quote).
 - For **all other sources of funds besides the RLF (banks, equity, etc.)**, evidence that the funding is committed and maximized, by letter (for loans) or bank statement (for equity). Letters from sources of other loans must quote interest rate, term, conditions, and security position.
 - For existing businesses, **financial statements** for the past three years.
 - **Projections** for the **next three years** which include debt service on the proposed RLF loan and any other loans. Projections must include profit and loss statements and a balance sheet (assets and liabilities).
 - The projections should show that the requested RLF interest rate and term are needed in order to keep debt service low enough to realize a reasonable return on investment (measured as profit after taxes divided by tangible net worth, and by total assets). If a higher interest rate can be absorbed and you can still realize a reasonable return, we will negotiate for the higher rate or, in some cases, shorter term.
- 2. Additional information may be helpful to get a loan approved.** This includes **resumes of principal(s), information on product and market, and a business plan.** For start-ups, this information is **required** in order to help the RLF Board reach an informed decision. Free help in developing business plans and financial statements is offered by the Ohio Small Business Development Center program and the Norwalk/Huron County chapter of SCORE. For information and assistance, contact the Norwalk Area Chamber of Commerce at 419/668-4155.
- 3. Your project must meet the following minimum criteria:**
 - **One full time equivalent job created or, in special cases, retained for every \$25,000 or more loaned. (The less funding required per job created, the better.)**
 - **One dollar minimum of other funding for every RLF dollar, with at least ten percent of fixed costs in cash equity recommended.**

- **The majority of jobs created must be held by persons who, at time of employment, certify in writing that they are from low to moderate income households.** The only alternative to employee forms is to document that DJFS screening of applicants was used to ensure that all were income-eligible. If, for some reason, your project results in a majority of employees **above** the income thresholds, the only fallback is to have documentation that all persons **interviewed**, whether they were hired or not, completed an income eligibility form, and that the majority of those **interviewed** were from low to moderate income households.
- All household income (from both spouses if husband and wife work) is included. For **Huron County, City of Norwalk** current maximum income to qualify for low-moderate income, based on households size, is:

1 in household: \$32,100	5 in household: \$49,550
2 in household: 36,700	6 in household: 53,200
3 in household: 41,300	7 in household: 56,900
4 in household: 45,850	8 in household: 60,550

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- Project must be within **the City of Norwalk**.
 - Project must not involve relocation of any jobs within Ohio, or business must inquire about potential for a waiver.
 - Eligible **fixed asset costs** include real estate, construction of buildings and on-site improvements, and heavy equipment (usually with a life of over five years).
 - Speculative projects not tied to specific businesses and job creation are ineligible.
 - **No project expense or hiring should occur prior to loan approval and closing.**
4. You must clearly document your **need** for RLF funding, providing evidence that the project cannot go forward without RLF funds, at the requested interest rate and term. This documentation takes one of two forms:
- a. A letter from your bank or lender stating that they will fund a portion of the project, but will not finance more than a specified maximum amount, and citing an interest rate and term for that loan. Their loan should be contingent on your receiving funds from the RLF to "fill the gap". You must also demonstrate that your business cannot reasonably contribute any more equity than the amount you cite in your application. The remaining needed funds thus represent the "gap" which must be filled with RLF funds.
- OR-
- b. Your three-year projection may indicate that if your project were financed in total by a private lender at a quoted interest rate and term, you cannot realize a reasonable return on your investment, and the lower rate offered by the RLF for a portion of the project will make the difference for your "bottom line". Documentation of this type usually requires two sets of projections: one with the RLF loan repayments at a lower rate for part of the project and showing a reasonable return, and one showing conventional interest rates for the whole financing package and indicating a negative or unacceptably small return.

5. **Construction** financed by the RLF and costing over \$2,000 must incorporate federal (not Ohio) **prevailing wages** for laborers doing the work. If private funds, bank funds, or equity finances construction and RLF funds are used for other activities (real estate, equipment), prevailing wages need not be paid.
6. All projects are subject to **environmental review** procedures requiring review and comment periods ranging from approximately three weeks to over one month, depending upon the impact of your project. No funds, either from the lender, equity, or RLF, can be obligated and expended before the comment period is over. Your project must thus be timed so that it does not begin before your application is reviewed and approved, you have signed the legal documents, and the environmental comment period has been completed. This process can take three months or longer, depending upon the complexity of the project.
7. If your project is funded, you will be required to sign a loan agreement which will include security and collateral agreements. These documents will include:
 - The loan document, including job creating and project goals.
 - A promissory note.
 - Security agreements, such as UCC equipment liens and/or a subordinated mortgage.
 - In many cases, a personal guarantee.
8. Projects involving acquisition of real estate will require that certain procedures be undertaken subject to the federal Uniform Relocation and Property Acquisition Act. Make sure to consult with the RLF administrator prior to entering into any agreement for real estate acquisition.
9. If your project is funded, you will have to provide documentation of compliance and performance. **The following will be required of you:**
 - **Evidence of total project expenditures as proposed (invoices, canceled checks).**
 - **Evidence of hiring (income certifications for all employees hired, with over 51% from low-moderate income households; or certifications from all persons interviewed with over 51% low-moderate income).**
 - **In many cases, quarterly or annual financial statements will be required during the loan period.**
 - **If the RLF funds construction, labor payrolls will be required, as well as on-site laborer interviews.**
10. Applicants may be subject to personal credit reviews.
11. **There is a one hundred dollar (\$100.00), non-refundable fee payable when the pre-application is completed and returned.**
 - Successful applicants will be billed for direct loan processing costs (mortgage and security filings, credit reviews, appraisals, and other minimal direct costs if any).

REMEMBER! The RLF is intended to be a lender of last resort. Other sources, such as private lenders, should be consulted first. Also, be prepared for loan application, review, and processing to take two to three months or more. This is unavoidable in most cases, due to environmental review procedures which require public comment periods, and due to additional required procedures, including a meeting of the RLF Administrative Board, subsequent review by the Ohio Department of Development, and City Council approved. It is best to maintain close contact with the RLF administrator during the application and review process.

If you have any questions, contact the RLF Administrator

**Ben Kenny bkenny@wsos.org
WSOS Community Action Commission, Inc.
219 South Front Street
P.O. Box 590
Fremont, Ohio 43420**

**(419) 332-2031
(800) 775-9767
(419) 334-5125 - fax**

Revised 3/06
Current 2009



City of Norwalk Revolving Loan Fund Application

Date Submitted: _____

Applicant Name: _____

Address: _____

_____ Email: _____

Telephone: _____ Fax: _____

Amount of Funds Requested: _____

Interest Rate Requested: _____ % Term: _____

**I. Type of State Assistance Desired
(If not known, leave blank)**

✓ Revolving Loan Fund

II. Applicant Company/User

Name of Company/User

Name of Borrower (if different from user)

Relationship of Borrower to Company/User

Street Address of Company

City State Zip

Contact Person

Title

Telephone Number Fax Number

Email Web Site

Federal Tax Identification Number

III. Principal Officers (10% or more ownership)

Name and Title

Percent of Ownership Social Security Number

Name and Title

Percent of Ownership Social Security Number

(Attach additional information if necessary)

IV. Information on Existing Business

Type of Business

Principal Product/Service

Date Established Four Digit NAICS #

Name of banks in which business has existing accounts:

Bank Name

Contact Telephone

Bank Name

Contact Telephone

Bank Name

Contact Telephone

V. Description of Proposed Project

Location

Address Taxing District
(Obtain from County Auditor)

City/Village/Township County

If relocation, indicate from where

Describe Project

Product/Services to be provided:

Project Type: Retention Expansion Start Up

VI. Project Cost/Use of Funds					
	Total	Revolving Loan Fund	Equity	Private Lender	Other Public (Please identify)*
A. Land	_____	_____	_____	_____	_____
Building	_____	_____	_____	_____	_____
New Const.	_____	_____	_____	_____	_____
Renovation	_____	_____	_____	_____	_____
Leasehold Imp.	_____	_____	_____	_____	_____
B. Infrastructure	_____	_____	_____	_____	_____
1. Off-Site Streets	_____	_____	_____	_____	_____
2. Off-Site Water/Sewer	_____	_____	_____	_____	_____
3. Off-Site Flood/Drainage	_____	_____	_____	_____	_____
C. Machinery/Equipment	_____	_____	_____	_____	_____
D. Other (Explain)	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
E. Admin.	_____	_____	_____	_____	_____
Total Fixed Costs	_____	_____	_____	_____	_____
F. NonFixed (Explain)	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
G. Working Capital	_____	_____	_____	_____	_____
Total Project Costs	_____	_____	_____	_____	_____

* If the applicant is requesting funds from more than one state program, the applicant must specify which source funds will be used to fund each activity.

VII. Financing/Collateral (Identify all sources)

HOLDER	PRINCIPAL	RATE	TERM	ANNUAL D/S	Security Position	
					LAND/ BUILDING	MACHINERY/ EQUIPMENT
Revolving Loan Fund						

VIII. Time Frame

Project Start _____ Job Creation Start _____

Project Complete _____ Job Creation Complete _____

IX. Project Impact	Expected Results of the Project		
	Most Current Year End 20____	Year One 20____	Year Three _____
Annual Sales Revenue	\$ _____	\$ _____	\$ _____
Current Employment	_____	_____	_____
New Jobs Created	_____	_____	_____
Annual Pay Per Full Time Employee*	\$ _____	\$ _____	\$ _____
Annual Payroll	\$ _____	\$ _____	\$ _____
Historical Financial Information			interim
	20____	20____	20____
			_____month
Annual Sales Revenue	\$ _____	\$ _____	\$ _____
Depreciation	\$ _____	\$ _____	\$ _____
Earnings Before Tax	\$ _____	\$ _____	\$ _____
Profit After Tax	\$ _____	\$ _____	\$ _____

* Full time employee is one employee working a 40-hour workweek, year round.
Part time employees should be adjusted.

X. The following information must be submitted with your RLF Project Application to receive consideration by the revolving loan fund administration board.

- _____ Three years of Historical Financial Statements (Balance sheet, P&L)
- _____ Three years of Projected Financial Statements (Balance sheet, P&L)
- _____ Interim Financial Statements (not more than 90 days old) if needed
- _____ Personal Financial Statements (10% ownership or more)
- _____ History of existing business
- _____ Description of New Project
- _____ Resumes of Officers and Key Management Personnel
- _____ One Year (mo. by mo.) Cash Flow Statement
- _____ Letter of Intent from Private Lender (see attached sample letter)
- _____ Information Concerning Current Working Capital Line (may not be needed)
- _____ Narrative Description Substantiating Job Creation Claim

NOTE: Third party verification of the collateral should accompany the application.

XI. Submission Acknowledgment

As an authorized agent of the applicant Company, I hereby submit this Application for revolving loan fund assistance. I understand that any false statement in this record may subject the applicant company and signer to criminal prosecution.

I also understand that this document in no way constitutes a commitment to fund by the Revolving Loan Fund (RLF).

Signature

Typed Name

Title

Date

Exhibit I

**Small Cities Community Development Block Grant (CDBG)
Revolving Loan Fund Application**

Application Preparer/Contact Person

Name: _____

Title: _____

Address: _____

City: _____

Zip: _____ Telephone: _____

Fax Number: _____

Email: _____

Job Definition [Expressed as Full Time Equivalents (FTEs)]

# Total Existing	_____	# New	_____
# Women Current	_____	# Women Projected	_____
# Minority Current	_____	# Minority Projected	_____
# Retained	_____	# Total LMI	_____

A full time employee is an employee working a forty (40) hour week, year round. Part time employees must be adjusted to FTE. At least fifty-one percent (51%) of the jobs created or retained must be made available to, or taken by persons of low-to moderate-income households. The maximum CDBG cost per job is \$25,000. The total LMI must include the number of new/or retained jobs for persons of low-and moderate-income households.

Narrative Description

Please attach a brief but detailed narrative description of the proposed project including a description of the product/services, unique site characteristics, whether site will be owned/leased, type of machinery/equipment to be purchased, all the participating parties, amount of acres, size of building, amount of water or sewer lines, etc.

Explanation of Need

Please attach a brief explanation as to the **NEED** for RLF funds. Explain how the identified gap was calculated and how the use of the RLF funds addresses the determined need.

Use this form to indicate the number of jobs to be created within 18 months of project completion (completion must be within one year of receipt of funds), by job classification:

A. Determining Full-Time Equivalent (FTE) Jobs

	PER EMPLOYEE				
JOB TITLE (a)	HRS/WK PER EMPLOYEE (b)	WK/YR PER EMPLOYEE (c)	HOURLY WAGE (d)	NO. OF EMPLOYEES (e)	*FTE JOBS (FT & PT) (f)
	FT				
	PT				
	FT				
	PT				
	FT				
	PT				
	FT				
	PT				
	FT				
	PT				
	FT				
	PT				
	FT				
	PT				
	FT				
	PT				
				TOTAL	FT
					PT
					FTE

(Attach additional sheets if necessary)

* $FTE = \frac{(b)(c)}{2080} \times (e)$

** 2080 hrs.

** If the company's normal full-time work week is not 40 hours, substitute the number of full-time work hours in a year for 2080 hours. The hours in a full-time employee's work week are _____.

NOTE: A letter is needed from the applicant, following the format of this letter sample:

OWNER/DEVELOPER COMMITMENT LETTER

Date: _____

Chief Elected Official of Applicant
Applicant/Recipient Community

Dear _____ :

This letter will confirm my/our commitment to move forward with the development of (Project). This project includes the following activities: _____

We/I will spend no less than \$ _____ on the total development of this project, with the financing proposed as follows:

Private Lender	\$ _____
Equity	_____
Revolving Loan Fund	_____
Other	_____
 TOTAL	 \$ _____

Development of the project will allow the current employment of _____ to increase to _____ within 18 months of project completion, a gain of _____ new jobs created because of this project. Of these, it is our goal to employ _____% persons from low- and moderate-income households (LMI) and _____% minorities, recognizing that some persons may qualify to meet the goal for both categories. (Also, indicate any commitment to job training program, if applicable).

As explained in the application, I/We would not proceed with this at this time without Revolving Loan Fund assistance. (If there is less than 15% equity, describe why the business or its principals cannot or will not provide additional funds for working capital, exhaustion of resources, an inadequate rate of return, etc.)

If the funding from the Revolving Loan Fund is approved, I/We are prepared to move forward quickly on the project described in this application, with completion no more than 12 months after execution of the RLF Loan Agreement. I/We expect to start construction on _____ and complete it by _____. I know of no reason why this project cannot go forward immediately (note any reasons for lack of immediate commencement).

I certify that I have the authority to make this commitment on behalf of the company/business, and that we have the resources to finalize the financing package identified above and shown in the community's application for funds.

Sincerely,

Chief Executive Officer

FROM YOUR PRIVATE LENDER.

FINANCING COMMITMENT LETTER (Commercial)
(Adapt language to fit type of lender)

Date:

Dear Developer/Owner/Tenant:

We are writing to you in reference to your request for a (construction/permanent/combined) loan on the (name of project) at (address). We have reviewed the following project cost estimates for the project and find them reasonable: (List as appropriate)

Acquisition	\$ _____
Construction/Rehab	_____
Machinery and Equipment	_____
Other	_____
TOTAL	\$ _____

We have completed the underwriting analysis on the project, reviewed your company's creditworthiness, and are prepared to provide a portion of the overall financing necessary for the development of the project. Our commitment cannot be for any greater amount than noted below, because (indicate reasons). Please consider this our firm commitment to make a loan subject to the following provisions:

Amount of Loan	\$ _____
Interest Rate	
Term	
Financing Fee	(insert)
Expenses at Closing	(insert)

Security: Our loan will be secured by a valid _____ mortgage lien on _____ (or specify other collateral/security). All work must be in accordance with plans and specifications on file with us. Any changes that will decrease the value of the project must be authorized by us.

Insurance Required	(insert)
Guarantee	(insert)

Closing Requirements: Prior to closing of this loan, we will require the following: (include verification that the community will make funds available in the amount of \$ _____ for the purpose of _____.)

Settlement Date: (Insert)

(If possible, add details about the project, capability of the owner/developer, benefits of the project, etc., that might show the lender's attitude about the project, or more extensive involvement in its development).

If this commitment is acceptable to you, please execute and return the enclosed copy of this letter.

Sincerely,

Name
Title

ACCEPTANCE: _____ **Date:** _____

NOTE: A letter is needed from all other funding sources, including banks, indicating their commitment to lend to your project. Lenders' letters should follow the format of this letter, and include the contents of this letter.