

MINIMUM REQUIREMENTS FOR RLF LOAN

CONDITIONS

Waupaca County through its participation in the Wisconsin Community Development Block Grant (CDBG) Program has retained funds for the establishment of a Business Revolving Loan Fund (RLF). This fund is designed to make direct business loans on a companion basis with other funding sources (private sector loans, government loans/guarantees, equity investments, etc.).

ELIGIBLE ACTIVITIES:

These include the following uses:

- * acquisition of land, buildings, equipment and fixed assets
- * new construction, expansion or remodeling of buildings
- * working capital
- * buy-outs by purchase of assets or stock

INELIGIBLE ACTIVITIES:

Loans will not be made for:

- * refinancing
- * acquisition of rolling stock
- * soft costs such as design, marketing and legal fees

To be eligible, the proposed project must meet all of the following requirements:

Private Fund Leveraging - Must leverage at least one dollar of private funds for every dollar of RLF funds requested.

Job Creation - At least one permanent Full-Time Equivalent (FTE) position must be created or retained for every \$35,000 of RLF funds requested.

Employment - At least 51 percent of the jobs created or retained must be made available to persons of low to moderate income (LMI) as defined by the Federal government.

Location - Activities financed under the RLF must be located within **Waupaca County**. Corporate headquarters may be located elsewhere.

Demonstrated Need - The applicant must demonstrate that the project is not eligible for other financing on comparable terms and that RLF assistance is necessary to remain competitive.

Feasibility - Applicant must demonstrate that the proposed project is viable and that there is ability to repay the funds.

Loan Amount - Loan amounts are always subject to availability of funds. There is no set minimum or maximum.

Interest Rate - The rate may be fixed or graduated on a fixed schedule. In no case shall the rate be less than four percent or greater than two percent above the *Wall Street Journal* prime rate at time of closing.

Term - In no case will the term of the RLF loan be longer than the term of the private financing. Maximum terms are:

Real Estate	20 years
Equipment	10 years
Working Capital	7 years

On loans with mixed purposes, the term will be a weighted average based on uses.

Collateral - Reasonable security will be required. This will entail liens on all assets purchased with RLF funds as well as liens on other assets as necessary. Personal guarantees of the principal owners (more than 20 percent of the firm) will be required.

Collateral Subordination: The RLF is willing to take a subordinate position if it is justified in the loan proposal.

Repayment - The repayment schedule can be monthly or quarterly. Interest and/or principal payments may be deferred for up to one year if justified in the loan proposal.

APPLICATION

Applications may be submitted at any time and will be processed in the order received. An **Application Package** will include the following items:

Application Form - Information on the project and documentation of need.

Business Plan - Includes company history, industry trends, marketing/sales plans, identification of customers, suppliers and competitors.

Information on Principles - Resumes and personal financial statements for all principal owners (>20 percent).

Financial History - Profit and Loss Statements and Balance Sheets for the preceding three year period (and interim periods, as necessary).

Financial Projections - Must submit two sets of Profit and Loss and Cash Flow Statements for RLF participation and the other shall specify no RLF funding.

Commitments from Private Sources - There shall be documentation of commitments from all private and/or public lenders making loans to the project. Documentation shall include loan conditions and terms (amount, interest rate, term and security required).

Other - Specific information will be submitted on assets to be acquired (serial

numbers, construction contracts, etc.); and an Environmental Review is necessary.

REVIEW PROCESS

The review of loan applications will include the following:

Preliminary Review - WCEDC staff will review the application for completeness, eligibility, accuracy and creditworthiness.

Committee Review - The RLF Committee of the WCEDC will review the application.

Formal Review - The WCEDC Executive Committee will meet to review all recommended applications. All applications over \$50,000 will need Waupaca County Finance Committee & Board approval.

Negotiation - If accepted, the applicant will be contacted to negotiate final terms specified by the WCEDC.

Closing

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WAUPACA

COUNTY

ECONOMIC

DEVELOPMENT

REVOLVING

LOAN FUND

A BUSINESS LOAN PROGRAM

DESIGNED TO FACILITATE:

- recruitment of new business to **Waupaca County**
- creation of new permanent employment
- retention and expansion of existing business
- leveraging of new private investment in **Waupaca County**

**Administered by the Waupaca County
Economic Development Corporation
(WCEDC)**