



Revolving Loan Fund

Description and Application

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PROGRAM DESCRIPTION OF THE EAST MOLINE REVOLVING LOAN FUND PROGRAM

The East Moline Revolving Loan Fund (RLF) Program is an opportunity for the entrepreneur/business person to obtain supplemental financing for a project. Often times, this below-market-rate loan for a portion of the total project cost can make the difference in project feasibility by improving cash flow, increasing capital investment, etc. Through creative packaging with other forms of assistance, both private and public, an investment/financing method can be developed to best meet the needs of the project.

The specific guidelines and policies of the program are outlined as follows:

1. **Overall Intent** - The overall intent of the RLF is to encourage the expansion and development of viable business activity in the City of East Moline. The RLF will be targeted to those businesses and industries that cannot obtain economically feasible financing because of conventional interest rates and lending/exposure limits applied by local lending institutions. The RLF program is intended to provide the funds that make the project viable by filling the financing gap created by these conditions. Other financial commitments must be in place at the time of application. No loan shall be made from the program where there is reasonable doubt as to the ability of the borrower to repay the loan.
2. **Job Targeting Criteria** - RLF loans will mainly be used to finance business activities where opportunities for private sector jobs are greatest. At least 51% of the jobs created must benefit low to moderate income individuals.
3. **Job/Cost Ratio** - A minimum of one job created or retained per \$5,000 loaned.
4. **Justification for Public Financing** - The applicant will be required to document, by financial projections and/or loan denial letters, that they cannot otherwise finance the amount requested by the RLF.
5. **Loan Use** - The loan program shall be available to all private industrial or service business borrowers needing fixed asset and/or working capital financing to locate, expand, or retain their operation within the city limits of East Moline. The loans can be used for, but are not limited to, construction of buildings, reuse and modernization of facilities, purchase of equipment, and purchase of inventory. RLF loans shall not subsidize or refinance existing business loans.
6. **Loan Term** - The term of the loan shall not exceed 10 years. The term will vary as a function of the amount, equity, security, and purpose of the loan. Loans made for fixed assets will generally have a longer term. Loans for working capital expenditures generally will not exceed 5 years. Loans for equipment shall not exceed the established useful life of the equipment.
7. **Interest Rate** - The interest rate can range from the Prime rate to four points below the Prime rate with a minimum interest rate of 4 percent. The interest rate may vary as a function of the amount, equity, security, and purpose of the loan. Additional consideration will be given toward exceeding job creation goals, the hiring of displaced workers, women, minorities, handicapped, long term unemployed and underemployed, and/or low and moderate income people in the establishment of the interest rate.

8. **Personal Guaranty** - Generally required by any principal owning 20% or more of the company. Additionally, if 75% or more of the applicant's net worth is in homeowner equity and a loan in excess of \$50,000.00 is sought, the EDC, in its discretion, may require a second mortgage on homestead as additional security for the loan.

9. **Equity and Collateral Requirements** - The borrower will be required to provide a minimum of 10 percent equity into the project. All loans shall be secured by collateral in an amount at least equal to the face value of the loans. Collateral requirements may vary as a function of amount, equity, and purpose. A first position lien on fixed assets and property is preferred security, but a secured subordinate position to another lender may be permitted. Assets other than cash that are used for collateral must be documented by appraisals or other appropriate valuation techniques. In projects involving direct working capital loans, the RLF will obtain collateral such as liens on inventories, receivables, fixed assets, and/or other available assets of the borrowers. Such liens shall be subordinate only to existing liens of record and other loans involved in the project.

When appropriate, the borrower will be required to provide life insurance, fire hazard, or normal business insurance on all assets for the term and in the amount of the loan. Where required, the borrower shall also obtain flood insurance on property assigned as collateral.

10. **Federal Regulations** - All borrowers must comply with federal and state laws relating to civil rights, environmental protection, equal opportunity employment, flood protection, Davis-Bacon, access for the physically handicapped, affirmative action, historic sites, monthly employment reporting, and other regulations and assurances as required.

11. **Ineligible RLF Activities:**

- Speculative activities, such as land banking and the construction of speculative buildings since they do not normally result in the near-term job creation or retention.
- Loan activities and economic benefits resulting from activities that are not located in the eligible area. RLF assistance must be withdrawn if for any reason the activity financed is moved from the eligible area.
- Loans for the purpose of investing in high interest accounts, certificates of deposit or other investments.
- Loan guarantee program.
- Loans used as substitute for private capital, where conventional loans can be obtained.

12. **Application Deadline** - Applications may be submitted at any time. Funding depends upon available funds and a successful review by the East Moline Economic Development Commission.

13. **RLF Approval Process** - The amount of time required for City review of a business proposal depends on the proposal and scheduling of Economic Development Commission. Review may take a few days to a few weeks.

It is important to note that the information contained in this document is general in nature. This is not a substitute for any City policies, Ordinances or related documents, but is intended to supplement their use. Always consult the appropriate City Ordinances for more detailed information.

**CITY OF EAST MOLINE
ECONOMIC DEVELOPMENT LOAN APPLICATION
FOR REVOLVING LOAN FUNDING**

A. BUSINESS INFORMATION

1. Legal Name and Address of Applicant

_____ Name

_____ Address _____ City _____ State _____ Zip Code

_____ Contact Person _____ Title _____ Phone No. _____ Fax No.

Proposed Location of Project:

_____ Address _____ City _____ State _____ Zip Code

2. Type of Business _____

3. SIC/NAICS Code/Category _____

4. Employer Identification No. or SSN _____

5. Is the applicant wholly or partly owned by any other business?

NO YES (If yes, identify other companies and percentage of ownership)

Company Name	Ownership %

6. Credit References.

a) Business References (Name, Address, Account Number)

Name	Address	Account Number

b) Checking and Savings Account (Show Names of Institutions and Account No.)

Name	Address	Account Number

7. List the names and other information regarding individuals primarily responsible for the management of the business.

Name	Position	% Ownership	Date Started With Business

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8. History and Background of Applicant/Business.

History and background information should include: date established, dates of major changes in business, employee and sales growth, date new products/service lines were established and other major influences on the products produced or services provided.

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9. Experiences of Applicant/Business.

Provide a brief description of educational, technical and business experience/background as it relates to your ability to successfully operate your proposed activity. If corporate members have related experience, please describe their credentials.

B. PROJECT INFORMATION

10. Project Description.

Describe all elements of the proposed project, including land and/or building acquisition, building construction and/or renovation, equipment purchases and installation, etc.; give estimated project time schedule and project location. Include any changes in business activity, what operations will be initiated or expanded, how this relates to existing operations, evidence of the financial feasibility of the project, changes in products or services offered, etc.

B. PROJECT INFORMATION

11. Job Creation/Retention (Full-time equivalents i.e., 1 permanent job created/retained for each \$5,000 of fund money. Full-time job equals 37.5 hours/week. This can comprise one or several employees to equal one permanent job).

- _____ Current Number of Employees
- _____ Number of permanent jobs retained as part of this project
- _____ Number of permanent jobs created within 24 months of loan

Types of Jobs Created	Average Rate of Compensation	Average Rate of Fringe Benefits

Types of Jobs Retained	Average Rate of Compensation	Fringe Benefits to be offered?

Has any portion of the Project been started? NO YES (If yes, please describe)

B. PROJECT INFORMATION

13. Description of Collateral. (Please complete)

List present market value of collateral that will be offered to secure requested loan.

			Present Market Value
A	Land and Building	\$	
B	Inventory	\$	
C	Accounts Receivable	\$	
D	Machinery and Equipment	\$	
E	Furniture and Fixtures	\$	
F	Other	\$	
	Total Collateral	\$	

In what form will the Applicant contribute to the project (cash, equipment, inventory, etc.)?

Type of contribution	Amount

C. SOURCE AND USE OF FUNDS

14. Summary of Project Costs.

Land and Acquisition	\$	%
Building Acquisition	\$	%
Building Renovation	\$	%
New Construction	\$	%
New Machinery & Equipment	\$	%
Used Machinery & Equipment	\$	%
Architectural & Engineering	\$	%
Inventory	\$	%
Working Capital	\$	%
Other	\$	%
Total Project Costs		

15. Source of Funds.

<u>Private Financing</u>	<u>Amount</u>	<u>Term</u>	<u>Rate</u>	<u>Approved</u>
Bank	\$			
Equity	\$			
Other	\$			
<u>Public Financing</u>	<u>Amount</u>	<u>Term</u>	<u>Rate</u>	<u>Approved</u>
	\$			
	\$			
	\$			
Total Source of Funds				

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16. Justification for Public Financing.

Provide a justification for the need for public financing. Include a letter from the participating conventional lender stating the reasons why it will not provide additional funds for the project.

D. ASSURANCES

All information in this application and the attached narratives are true and complete to the best of my/our knowledge. I/We agree to pay or reimburse the City for the cost of any surveys, title or mortgage examinations, appraisals, etc.

The company understands that no aspect of the project proposed for assistance will commence prior to the award of funds.

The company certifies that it will agree to discuss with representatives of the local government-funded job training program regarding the hiring of eligible individuals for the jobs created as a result of this project.

The company agrees to submit to the City on a semi-annual basis, information regarding job creation/retention and benefit to low and moderate-income individuals and documentation that leverage has been injected.

The company certifies that it is a company in good standing, authorized to do business in Illinois and has no delinquent tax liabilities. The company also certifies that no tax liens including but not limited to municipal, county, state, or federal have been filed against the company, any partners of the company, or in the name of related business owned by the recipient.

Areas which applicant(s) must comply with include:

1. The National Environmental Policy Act (NEPA) establishes procedures for protecting the environment. In order to use the CDAP funds awarded to a local government, the grantee has to comply with environmental procedures, standards and guidelines mandated by NEPA and all other applicable environmental regulations (e.g., prime farmland protection, historic preservation, floodplain hazards, etc.).
2. The Davis-Bacon Prevailing Wage Act requires the payment of prevailing wages for all construction funded in whole or in part with federal funds, including funds passed through to private firms. If your project involves construction and/or equipment installation, you should contact the department so a determination can be made concerning the specific applicability of federal labor standards.
3. The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1987 applies to federally assisted activities that involve the acquisition of real property or the displacement of persons, including displacement caused by rehabilitation and demolition activities. Any person or business displaced as a direct result of federal assistance must be provided with Uniform Relocation benefits. Each applicant must submit evidence that it has adopted a plan for minimizing displacement.
4. Equal Opportunity, Fair Housing and Handling Accessibility Laws require that CDAP grantees administer their project in a manner that affirmatively furthers equal opportunity and fair housing. All CDAP grantees will be required to undertake the specific activities to further fair housing. CDAP grantees must assure all activities and services are accessible to the handicapped.

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I/We the undersigned, authorize the City to obtain verification of any information contained in the application from any source named herein.

The company certifies that it has read and understands the application guidelines

If Applicant is, a Corporation:

President

Date

Applicant's Signature

Corporate Signature

Typed Name of Applicant

NOTE: False information may disqualify applicant from revolving loan process.

Any questions the applicant may have should be directed to the Development Services Director at (309) 752-1599.

Return Application To: REVOLVING LOAN PROGRAM
 CITY OF EAST MOLINE
 DEVELOPMENT SERVICES DEPARTMENT
 912 16TH AVENUE
 EAST MOLINE IL 61244

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Have you or any officer of your company ever been involved in bankruptcy or insolvency proceedings?

NO YES (If yes, please provide details)

Are you or your business involved in any pending lawsuits?

NO YES (If yes, please provide details)

Does your business, its owners or majority stockholders own or have a controlling interest in other businesses?

NO YES (If yes, please provide names and relationship to applicant company)

Do you buy from, sell to or use the services of any concern in which someone in your company has a significant financial interest?

NO YES (If yes, please provide details)

Is your business a franchise?

NO YES (If yes, please provide a copy of the franchise agreement and a copy of the FTC disclosure provided by the Franchisor)

Have you received any counseling or training from SBA, SCORE SBDC, etc.?

NO YES (If yes, please identify)

SUBMITTAL CHECKLIST

- In order to assist you in submitting your application, please use the following checklist. The items listed below must be included in your application packet.
- A completed signed application.
- Business balance sheet for the last three years, dated within 90 days of application.
- Business profit and loss (income) statement for the last three years, dated within 90 days of application.
- Income and expense (cash flow) projections for at least two years.
- Aging of Accounts Receivable and Payable.
- Personal finance statement for each principal(s) owning more than 20 percent of company dated within 90 days of application.
- Cost estimate must be provided for machinery and equipment purchases and new construction and/or renovations. An appraisal must be provided for the purchase of a building and/or land.
- List of Indebtedness
- List of Collateral

EXHIBIT C: BALANCE SHEET

[Your Business Name]

Balance Sheet

[Mm Dd, 200X]

Assets

Current Assets:

Cash		\$0	
Accounts Receivable	\$0		
Less: Reserve for Bad Debts	<u>0</u>	0	
Merchandise Inventory		0	
Prepaid Expenses		0	
Notes Receivable		<u>0</u>	
Total Current Assets			\$0

Fixed Assets:

Vehicles	0		
Less: Accumulated Depreciation	<u>0</u>	0	
Furniture and Fixtures	0		
Less: Accumulated Depreciation	<u>0</u>	0	
Equipment	0		
Less: Accumulated Depreciation	<u>0</u>	0	
Buildings	0		
Less: Accumulated Depreciation	<u>0</u>	0	
Land		<u>0</u>	
Total Fixed Assets			0

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Other Assets:

Goodwill	<u>0</u>	
Total Other Assets		<u>0</u>

Total Assets		<u><u>\$0</u></u>
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Liabilities and Capital

Current Liabilities:

Accounts Payable	\$0	
Sales Taxes Payable	0	
Payroll Taxes Payable	0	
Accrued Wages Payable	0	
Unearned Revenues	0	
Short-Term Notes Payable	0	
Short-Term Bank Loan Payable	<u>0</u>	
Total Current Liabilities		\$0

Long-Term Liabilities:

Long-Term Notes Payable	0	
Mortgage Payable	<u>0</u>	
Total Long-Term Liabilities		<u>0</u>

Total Liabilities		0
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Capital:

Owner's Equity	0	
Net Profit	<u>0</u>	
Total Capital		<u>0</u>

Total Liabilities and Capital		<u><u>\$0</u></u>
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EXHIBIT D: INCOME STATEMENT

[Your Company Name]
Income Statement
For the Year Ended [Mm Dd, 200X]

Revenue:

Gross Sales	\$0.00
Less: Sales Returns and Allowances	\$0.00
Net Sales	\$0.00

Cost of Goods Sold:

Beginning Inventory	\$0.00
Add: Purchases	\$0.00
Freight-in	\$0.00
Direct Labor	\$0.00
Indirect Expenses	\$0.00
	\$0.00
Less: Ending Inventory	\$0.00
Cost of Goods Sold	\$0.00

Gross Profit (Loss) **\$0.00**

Expenses:

Advertising	\$0.00
Amortization	\$0.00
Bad Debts	\$0.00
Bank Charges	\$0.00
Charitable Contributions	\$0.00
Commissions	\$0.00
Contract Labor	\$0.00
Credit Card Fees	\$0.00
Delivery Expenses	\$0.00
Depreciation	\$0.00

Dues and Subscriptions	\$0.00	
Insurance	\$0.00	
Interest	\$0.00	
Maintenance	\$0.00	
Miscellaneous	\$0.00	
Office Expenses	\$0.00	
Operating Supplies	\$0.00	
Payroll Taxes	\$0.00	
Permits and Licenses	\$0.00	
Postage	\$0.00	
Professional Fees	\$0.00	
Property Taxes	\$0.00	
Rent	\$0.00	
Repairs	\$0.00	
Telephone	\$0.00	
Travel	\$0.00	
Utilities	\$0.00	
Vehicle Expenses	\$0.00	
Wages	\$0.00	
Total Expenses		<u>\$0.00</u>
Net Operating Income		\$0.00
Other Income:		
Gain (Loss) on Sale of Assets	\$0.00	
Interest Income	\$0.00	
Total Other Income		<u>\$0.00</u>
Net Income (Loss)		<u><u>\$0.00</u></u>

EXHIBIT E: CASH FLOW PROJECTION

Cash Flow Budget Worksheet

	[Month]	[Month]	[Month]	[Month]	[Month]	[Month]	Total
Beginning Cash Balance	_____	\$0	#NAME?	#NAME?	#NAME?	#NAME?	
Cash Inflows (Income):							
Accts. Rec. Collections							0
Loan Proceeds							0
Sales & Receipts							0
Other:							0
							0
Total Cash Inflows	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Available Cash Balance	\$0	\$0	#NAME?	#NAME?	#NAME?	#NAME?	
Cash Outflows (Expenses):							
Advertising							0
Bank Service Charges							0
Credit Card Fees							0
Delivery							0
Health Insurance							0
Insurance							0
Interest							0
Inventory Purchases							0
Miscellaneous							0
Office							0
Payroll							0
Payroll Taxes							0

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Professional Fees							0
Rent or Lease							0
Subscriptions & Dues							0
Supplies							0
Taxes & Licenses							0
Utilities & Telephone							0
Other:							0
							0
							0
Subtotal	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Other Cash Out Flows:							
Capital Purchases							0
Loan Principal							0
Owner's Draw							0
Other:							0
							0
Subtotal	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Total Cash Outflows	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Ending Cash Balance	<u>\$0</u>	<u>\$0</u>	<u>#NAME?</u>	<u>#NAME?</u>	<u>#NAME?</u>	<u>#NAME?</u>	

