

CARES ACT REVOLVING LOAN FUND



APPLICATION PRIORITIZATION

Per the approved Revolving Loan Fund Plan, R5DC will prioritize funding to business enterprise who:

- Financially injured by the coronavirus pandemic
- Reinvest savings made from favorable CARES ACT RLF lending terms back into employee salaries or benefits
- Ownership makeup of minority (race, sex, age), veteran, low-income or persons with disabilities
- Are located within an [opportunity zone](#)
- Are within the target sectors
- Offer job creation or retention for unemployed or underemployed

All applicants must:

- Create or retain one job per \$50k borrowed
- Submit a non-refundable \$100.00 application fee
- Cover all filing fees and attorney costs, if applicable, charged at the time of closing
- Agree to receive customized business technical assistance
- Agree to provide annual information, as requested, to R5DC documenting the creation or retention of jobs
- Infuse a minimum borrower equity contribution of five (5) percent of the total project cost. In-kind equity will be allowed however to permit greater flexibility the Loan Committee may make unsecured loans
The Loan Committee may accept unconventional forms of security of collateral such as personal guarantees, assignments of contracts for deed, or other creditor's interest in property

FINANCING TERMS

R5DC offers:

The Fund will make loans from a minimum of \$30,000 up to \$250,000.

Primary financing: subordination of other lending institutions not required.

The minimum interest rate may be (0%) throughout the term of the business loan. While the interest rate may be set as low as 0%, interest rates for each loan is set at the discretion of Loan Board and shall not exceed 2% above prime.

Under NO circumstances will loans be forgiven.

Deferred payments for first 6 months after date of loan closing.

Each loan term varies from four (4) to fifteen (15) years.

No penalty for early repayment

No origination fees

Loans may be made to qualified businesses for:

- A. Working Capital: maximum of 90% of borrower's working capital needs may be CARES ACT RLF financed.
- B. Fixed assets: leased space, financing of equipment and machinery with short useful lives of one of fifteen years and real property acquisition with income generating potential of up to thirty years are eligible activities.
- C. Existing debt per the approved RLF Plan (see regulations in #4 Prohibited lending activities page 10)

APPLICATION CHECKLIST

Please include the following with a **signed and dated** application:

Business Plan - This is a listing of material that must be included in your business plan: (You may use your own format.)

- History of Business
- Marketing Analysis and Strategy
- Description of Products and Process

Financial Projections

- Three years of financial projections and pro-forma financial statements

Collateral and Supporting Cost Documents

- Description of collateral offered – minimum of 5% of total project cost. Types of collateral accepted: in kind, personal guarantees, assignment of contract for deed or interest in borrower property. Value of collateral determined through either: Cost, Appraisal, or Depreciated tax value (book value)
- Construction statement, purchase option or contract for the purchase of property (if applicable)

Tax Returns and Financial Reports – (As applicable)

- Last two years business income tax statements
- Last two years business financial reports including Income Statement and Balance Sheet
- Financial reports current within 6 months
- Schedule of all business debts, if an existing organization
- Last two years personal income tax statements (30% or greater ownership)
- Current personal financial statement (30% or greater ownership)

Business Organization Documents

- Articles of Incorporation and By-laws or Partnership Agreement
- Corporate Resolution or Partnership Resolution stating who is authorized to incur debt for the company
- Disclosure of all affiliates and subsidiaries

UPON APPROVAL, REQUIRED BEFORE CLOSING:

(Some items may be requested before loan review is complete)

- Appraisal and Title Opinion, when necessary
- Copies of Life Insurance and Assignment of Collateral on principals/guarantor with R5DC listed as an “assignee”
- Copies of Hazard Insurance on collateral with R5DC listed as an additional insured and loss payee
- Certificate of Good Standing from State of Minnesota

FEE NOTICE – Fees payable at closing.

- Attorney fees for closing documents typically range between \$500 – \$1,000

FEE NOTICE – Fees payable at loan payoff.

- Borrower will be responsible for fees related to the release of collateral required by filing agencies securing collateral. Upon 30-day notice of your final payment on the loan, the cost of releasing collateral will be included in your final invoice (e.g. MN Secretary of State fee for releasing a UCC = \$20)

I certify I have read the R5DC loan application and that all statements made in this application are an accurate representation of my financial condition on this date and are made for the purpose of obtaining the loan indicated.

AUTHORIZED SIGNATURE

DATE

EDA CARES ACT REVOLVING LOAN FUND APPLICATION



BASIC INFORMATION

Applicant/Business Name: _____

Address _____ Phone _____

City _____ State _____ Zip _____

Contact Person _____ Email _____

Type of Business: _____ Sole Proprietorship _____ Corporation _____ Partnership
Other (specify) _____

Federal EIN: _____ **Tax ID:** _____ **NAICS Code:** _____

Officers of Corporation or other entity:

President: _____ **Vice President:** _____

Treasurer: _____ **Secretary:** _____

Major Principals/Partners/Proprietors (Provide for each owning 30% or more of the business. If additional space is needed, please attach to this application.)

Name: _____ **Address:** _____

City, State, Zip: _____ **Telephone:** _____

% Ownership: _____

Please include current personal financial statement, signed and dated, and two most recent personal Federal income tax returns for each majority owner.

Select the type of sector your business is engaged in:

- | | |
|---|---|
| <input type="checkbox"/> child/adult care | <input type="checkbox"/> renewable energy |
| <input type="checkbox"/> restaurants | <input type="checkbox"/> manufacturing, including food processing |
| <input type="checkbox"/> retail operations | <input type="checkbox"/> agriculture |
| <input type="checkbox"/> nursing homes | <input type="checkbox"/> technology |
| <input type="checkbox"/> home health | <input type="checkbox"/> non-profit or social advocacy agency |
| <input type="checkbox"/> environmental services | <input type="checkbox"/> OTHER _____ |

PROJECT DESCRIPTION

PROJECT FINANCING SUMMARY

Max Loan \$250,000.00 Describe the type(s) of funding applicant is seeking:

Use of Funds

	Equity – min 5%	R5DC RLF	Other	TOTAL
Real Estate				
New Construction				
Machinery & Equip				
Working Capital				
Inventory				
Other				
TOTAL				

Supporting Cost Documents for construction projects (please attach)

The costs of the project must be supported by firm construction bids, purchase options or contracts for the purchase of property.

Source of Funds and Proposed Financing Terms

	Equity	R5DC RLF	Other	Other	TOTAL
Amount	\$	\$	\$	\$	\$
% of Project	%	%	%	%	100%
Term (years)	yrs	yrs	yrs	yrs	
Interest Rate	%	%	%	%	
Monthly Debt Service					
Collateral Offered					
Asset					
Value of Asset					
Lien Position					

EMPLOYMENT SUMMARY

Please indicate the company representative who should be contacted to follow up on the employment information.

Name: _____ Title: _____ Phone: _____

Proposed Employment Information (If additional space is needed, please attach to this application.)

Provide the following information on the jobs you expect to create and/or retain due in part to the loan from the R5DC RLF. Created jobs are new jobs projected within **two years** of project completion. Retained jobs are those that would be lost without this project financing.

Job Title				
Number of Jobs Created				
Number of Jobs Retained				
Hourly Wage / Salary				
Permanent or Temporary				
Full Time or Part Time				

IMPACT SUMMARY

Select and offer short narrative on all that apply to your business:

- Financially injured by the coronavirus pandemic. If so, how:

- Reinvest savings made from favorable CARES ACT RLF lending terms back into employee salaries or benefits. If so, how:

- Ownership makeup of minority (race, sex, age), veteran, low-income or persons with disabilities. No narrative requested.

- Are located within an opportunity zone
 - Yes
 - No

- Offer job creation or retention for unemployed or underemployed. If so, to whom?

That advertising, recruitment and other outreach efforts are made to contact and involve the low-income population by notifying appropriate Job Training offices of the positions which will be available.

APPLICATION CERTIFICATION

I certify that I have read the application checklist and that all statements made in this application and in supporting documents are an accurate representation of my business and financial condition on this date and have been made for the purpose of obtaining the loan indicated. Verification and re-verification of any information contained in this application may be made at any time by Region Five Development Commission (R5DC) Revolving Loan Fund (RLF), its agents, successors and assigns, either directly or through a credit reporting agency or another source named in this application at any time while checking the creditworthiness of this loan, or if approved, at any time while said loan has an outstanding balance due.

I certify the above information and the statements contained herein or attached hereto are a true and accurate statement of the financial condition of the business and its principals. I also certify that the business is current on all of its federal and state taxes

Authorized Signature

Date

Authorized Signature

Date

ASSURANCE TO CO-CREATE CUSTOMIZED TECHNICAL ASSISTANCE PLAN

Agreement to receive business technical assistance: Borrowers must agree to post-closing customized technical assistance. The intent of this ongoing relationship is geared to prevent loan delinquencies by helping the firm identify and correct problems early. Technical assistance is offered at no cost to the borrower as the use of earnings from technical assistance grants will be deployed for TA expenses incurred to prevent losses from the Fund. ***The business agrees to craft a mutually agreed upon technical assistance plan with the R5DC Business Loan Developer within 60 days of loan closings.***

APPLICANT SIGNATURE

DATE

NON-RELOCATION FORM

1. As a part of this project will jobs be moved from one location to another? ___Yes. ___ No.

If yes, how many and what is the new location? ____

2. Are any employees losing their job as a result of this project and R5DC RLF funding?
___ Yes. ___ No.

3. If a business has multiple locations:

Does the business plan to shut down any of its locations now or in the future? ___Yes. ___No.

If so, where and why? _____

_____ has not recently and does not plan to reduce the number of
(Business Name)
jobs at any of its locations as a result of the project identified in the R5DC RLF application and/or will not
use of R5DC RLF funding for these purposes.

APPLICANT SIGNATURE

DATE

DAVIS BACON WAGE REQUIREMENTS

Borrowers of the Region Five Development Commission CARES ACT Revolving Loan Fund that are engaged in construction projects must adhere to the Davis Bacon Act (available by request), as amended [40 U.S.C. 276a – 276a – 5); 42 U.S.C. 3222], when construction is financed in whole or part by R5DC and when any related construction contract exceeds \$2,000. A copy of the Davis Bacon Act will be provided to the applicant at their request.

APPLICANT SIGNATURE

DATE

STATEMENT OF UNDERSTANDING

This understanding begins the day my application is submitted to R5DC and must be signed and included with the application packet. No application will be reviewed without a signed copy of this understanding. By signing this statement, I understand the following:

If R5DC agrees to fund my project and it takes more than three months to close the loan, due to my own delay or others, I must at the Loan advisory Board’s request resubmit the application for board action. The previous decision of the board will become void if the applicant is required to resubmit.

APPLICANT SIGNATURE

DATE

DATA PRIVACY DISCLOSURE

The data which you supply to the R5DC Revolving Loan Fund will be used to access your firm’s qualifications for a business loan. We will not be able to process your financial application without it. There is a possibility this data might constitute a public record, but shall only offer non-personal data per the data privacy act regulations.

I have read the above statement and I agree to supply the data to R5DC Revolving Loan Fund Loan Board with full knowledge of the information provided in that statement.

APPLICANT SIGNATURE

DATE