

**LAKE MILLS CHAMBER DEVELOPMENT CORPORATION  
REVOLVING LOAN FUND  
GUIDELINES**

**LAKE MILLS, IOWA**

**PURPOSE**

In an effort to promote and encourage economic development within the city limits of Lake Mills and up to one mile outside the Lake Mills city limits, the Lake Mills Chamber Development Corporation has established a revolving loan fund to provide financial assistance for small and emerging private business enterprises. Initial funding for this program was provided through a grant from the United States Department of Agriculture using federal Rural Business Enterprise Grant funds (USDA RBEG). The original grant funds carry specific restrictions, which must be adhered to both by the Lake Mills Chamber Development Corporation and subsequent loan recipients. The restrictions may vary on loans using revolved funds.

**GENERAL GUIDELINES**

**Type of Assistance.**

- The Loan Fund will provide direct loans to small and emerging private business enterprises.
- The interest rate charged and length of the loan will be determined for each project individually based on demonstrated need and anticipated repayment capacity of borrower.
- Typical loan terms would be no longer than 10 years with an interest rate of between 0-5%.
- A minimum loan amount will be \$5,000, with a maximum of \$50,000.

**Business Eligibility.**

- Applications will be accepted from businesses involved in manufacturing, service, or retail operations.
- Small businesses that employ 50 or fewer employees with a \*projected gross revenue (profit) of \$1 million or less are eligible. (*\*For the purpose of the LMCDC/RLF application, gross revenue is defined as revenue of a business before deductions for any purpose, except for sales returns. In the case of a manufacturing or merchandising business, gross revenue means gross profit (i.e., gross sales or gross receipts less cost of goods sold).*)
- At least 51 percent of the outstanding interest in the project will have membership or will be owned by those who are either citizens of the United States or reside in the United States after being legally admitted for permanent residence.

**Eligible uses of Funds.**

- Eligible purposes include the purchase of equipment and inventory; acquisition and development of land; construction, conversion, enlargement, repairs or modernization of buildings and sites, plants, machinery, equipment and technical assistance to aid in start-up or expansion process.
- Refinancing or restructuring of existing loans are ineligible activities.

**Eligible Area.**

- The location of each Revolving Loan Fund project must be within the city limits of Lake Mills and up to one mile outside of the city limits.
- If the project activity is moved outside the eligible area during the life of the loan, any Revolving Loan Funds must be repaid, including outstanding principal and interest.

**Application Procedure.**

- The application shall be submitted to the Lake Mills Chamber Development Corporation. Application forms and instructions will be available upon request from the Lake Mills Chamber Development Corporation, 203 North First Avenue West, PO Box 182, Lake Mills, IA 50450. Phone: 641-592-5253.
- Applications for the Revolving Loan Fund will be accepted by the Lake Mills Chamber Development Corporation at any time during the year and considered on a continuous basis contingent on the availability of loan funds.

- The Lake Mills Chamber Development Corporation Revolving Loan Fund Board will take action on completed applications within 60 days of receipt.
- Action may include funding the application for all or part of the requested amount, denial of the application for funding, or requesting that additional information be supplied prior to making a final decision.

**Threshold Criteria.** All applicants for the Lake Mills Chamber Development Corporation’s Revolving Loan funds must satisfy the following minimum requirements to be eligible for assistance:

- A. The goal of the project is to create or retain jobs with a minimum ratio of one full-time permanent job or 2 part-time jobs (minimum of 20 hours each) created or retained for every \$10,000 of Loan funds;
- B. At least fifty-one percent (51%) of the outstanding interest in the project will have membership or will be owned by those who are either citizens of the United States or reside in the United States after being legally admitted for permanent residence.
- C. Loan funds shall provide no more than 75% of the financing of the proposed project
- D. A business plan that shows: (See letter F below)
  - Feasibility of project;
  - Evidence that Revolving Loan Funds are necessary to make proposed project feasible;
  - Show adequate private equity.
- E. There must be evidence that no significant negative land use or environmental impacts will occur as a result of the project.

A complete application must include the following items:

- A. Completed application form
- B. Non Discrimination Agreement – Form RD 400-4
- C. Business plan – variance may be given under special circumstances (example: confidential franchise information)

Applicants are ENCOURAGED, though not required, to have the following:

- A. Debarment – Form AD1048
- B. Request for Environmental Review

**Evaluation Procedure.**

- Applications for assistance under the Revolving Loan Fund will be submitted to the Lake Mills Chamber Development Corporation office, 203 North First Avenue West, PO Box 182, Lake Mills, Iowa.
- The executive director will review the application for completeness and either return the application to the applicant with deficiencies noted or forward the proposal to the loan officer or appointed bank representative at Farmers Trust and Savings Bank and Manufacturers Bank & Trust, following their recommendation after doing credit check and evaluations, it will be forwarded on to the LMCDC Revolving Loan Fund Review Committee.
- The Loan Review Committee will have 30 days to meet and review the application. After review, the Review Committee will forward to the LMCDC Board for final decision and determination of loan terms.

**Application Information.**

- The applicant must agree to allow the LMCDC Revolving Loan Fund Review Committee to research the company’s history, make credit checks, contact the company’s financial institution, and perform other related activities necessary for the reasonable evaluation of the application. All information will be held in the strictest confidence.
- In the event inaccuracies, omissions, or errors are found, the Review Committee will have the discretion of rejecting the application or reexamine it based on correct information.

**Loan Agreement.**

- If a proposal is recommended for funding by the Lake Mills Chamber Development Corporation Revolving Loan Fund Board, the applicant will sign loan documents with the LMCDC/RLFB.

- This agreement, at a minimum will establish the interest rate, term of loan, fees, securities/collateral of loan funds
- The applicant will agree to pay all loan processing and closing costs.

**Confidential Records.**

- The contents of a completed RLF application are open to public inspection. Some portions of the required attachments submitted in connection with an application are treated as confidential by the Lake Mills Chamber Development Corporation.
- The LMCDC treats the following records as confidential and they are withheld from public disclosure:
  - Tax Records
  - Quarterly Iowa “Employer’s Contribution and Payroll Report” prepared for the Iowa Department of Employment Service.
  - Business’s payroll register
  - Personal financials
  - Business financial projections
  - Business Plan

**INCLUSIONS IN CONTRACT BETWEEN THE  
LMCDC REVOLVING LOAN FUND BOARD AND THE APPLICANT**

- A. The interest rate of the loan, whether it is fixed or variable, the terms of its variability.
- 0% Interest for first six months to two years, based on business, size of loan, and capacity for repayment upon startup.
  - The interest rate will typically range from 2-7% and typically will not exceed prime rate by more than 2%. The RLF Review Committee will determine the rate.
- B. The term of the loan.
- Loans may be short or long term, not to exceed 10 years depending upon the particular situation. The term may vary from project to project.
  - In the event that the total project cost is less than the amount specified in the application, repayment of a portion of the loan funds may be required based on ratio of loan to project costs.
  - Loans may be renegotiated. Renegotiation proceedings, however, are not the borrower’s inherent right.
- C. Securities/collateral of loan funds.
- If the RLF grant award is the only source of loan lending, the LMCDC/RLF board may require a 1<sup>st</sup> position security agreement or real estate mortgage. If RLF grant award is a subsidiary lender, a 2<sup>nd</sup> position security agreement or a 2<sup>nd</sup> position real estate mortgage or the best lien obtainable may be required.
- D. Fees to be charged.
- Applicant fees will be limited to actual costs associated with the preparation of the contract, documents, filing fees if any, and other required fees.
- E. The frequency of loan payments.
- In general, repayment of loans will be made via equal monthly payments over the term of the loan.
  - The date of the first loan payment will be arranged on a project-by-project basis.
- F. Penalties for late payment.
- Penalty will apply when payment is 30 days late
  - 5% of payment amount not to exceed \$50.00

G. Job Creation and / or retention schedule, as provided in the application.

- Information provided in the application regarding job creation/retention will be included in the loan agreement.

H. Reporting Procedures.

- Annual progress reports will be required to provide information on financials, jobs created/retained and hourly rates.
- A final Performance Report and a final Status of Funds Report will be required from all borrowers within 30 days after full payment of loan.

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***“Non-Discrimination Statement***

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at [How to File a Program Discrimination Complaint](#) and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: [program.intake@usda.gov](mailto:program.intake@usda.gov).

USDA is an equal opportunity provider, employer, and lender.”

Furthermore, in order to accommodate any disabled applicants who may have trouble accessing the LMCDC building, the LMCDC Revolving Loan Fund Committee and administrators are willing to meet with interested parties and applicants at a mutual location. Please contact the LMCDC to arrange such meetings.