



# Revolving Loan Fund Application

**Committed to providing a source of  
financing that enables businesses to  
thrive and grow.**

CENTRAL CITY MAINSTREET  
REVOLVING LOAN FUND APPLICATION PACKAGE

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\*These items plus additional information required in the Application Checklist constitute the complete application. Please deliver your application, with cover letter, to:

CENTRAL CITY MAINSTREET Revolving Loan Fund Program		CENTRAL CITY MAINSTREET Revolving Loan Fund Program
c/o NXT Bank 59 Fourth Street North PO Box 502 Central City, IA 52214	or	c/o Ohnward Bank 401 E Main Street  Central City, IA 52214

**Thank You!**

## INTRODUCTION

### CENTRAL CITY MAINSTREET REVOLVING LOAN FUND APPLICATION

Dear Applicant:

Thank for your commitment to growing your business in Central City!

The purpose of the Central City Mainstreet Revolving Loan Fund (RLF) is to ensure that businesses like yours grow and prosper within the city. We're glad you've chosen to seek financial assistance through our RLF. Working together with you and your bank we hope to enable you to accomplish the goals you've set for your business.

This application packet asks a series of questions aimed at determining the following:

- Your business activity, products and services
- Your business's viability and potential for growth
- Your financial commitment and commitment to maintaining your company in the city
- The RLF's ability to meet your financial gap
- The level of risk the RLF takes on by assisting your company
- How well your business fits into the economic development plan of the City

We also require a number of submittals to support the information you're giving us. We encourage you to use the checklist at the end of the application to ensure that you have supplied all the documents we need to adequately assess and approve your request. We promise to utilize great care in the handling and sharing of your documents (see privacy statement below). Please note the "Loan Evaluation Criteria" which details the criteria by which your application will be reviewed.

We assume that you are working with your local banker to complete this application. However, if you are new to our City, welcome! Let us help you connect with a local bank so that you can work with a local lender to assist you, and to make this application process as easy as possible. Please be advised that Central City requires a \$200 (non-refundable) application fee at the time of submittal in order to cover the administration of the application and review process. This fee is in addition to any fees that may be charged by your financial partner.

Again, we thank you for doing business in Central City, where we take pride in our business- friendly environment! If you have any questions, please don't hesitate to call our office at 319-438-1761, or send a message with your questions to us at [ccmainstreet@gmail.com](mailto:ccmainstreet@gmail.com).

## GUIDELINES AND PROCEDURES

### PURPOSE

The Central City Mainstreet Revolving Loan Fund (RLF) is established to provide a source of financing, which may not otherwise be available within the city, for expanding or start-up businesses. Used to fill a "financing gap" in a business development project, the RLF offers a low-interest option to complete a financing package. A "gap" occurs when the business lacks the funds to meet the equity requirements of bank financing or needs a lower interest rate. Further, the RLF seeks to:

- Retain and attract businesses that provide permanent jobs
- Maximize investment within the City
- Redevelop vacant and/or blighted land and buildings
- Promote sales and tax generating projects
- Provide financial assistance to eligible businesses

The Revolving Loan Fund adds another tool to the "tool box" of the city's economic development efforts. The incentives provided to business through this RLF are a fixed rate, low interest, and/or long-term financing for a business wanting to expand or locate within the city.

The RLF is not the primary source of financing for a project, however, the combination of public and private financing lessens the risk for the primary lender and yields an overall lower cost of money for the borrower.

It is the intent of the RLF to view both existing and start-up business as equal under the criteria, with preference given to those expansions and start-ups that result in retained or new jobs and/or new sources of economic activity within the city. Central City Mainstreet seeks to work with healthy companies that have excellent potential for growth, will provide increased employment in the city, and will help diversify our economy. For existing business the primary criteria to be considered are the following:

- Dedicated and experienced management
- Past performance
- Current economic viability of the business
- High potential for profitability
- High potential for growth
- Sufficient collateral and cash flow to service and secure the loan
- Inability to obtain conventional financing at rates and terms that make the project viable

In the case of entrepreneurial start-up business the following will also be considered:

- Market strengths such as providing a new service or product development or distribution in Central City as demonstrated by local market and/or feasibility study.
- Complementary business development that serves an existing city business entity.
- Consistent with City and/or Community Comprehensive plan and goals of the Overall Economic Development Plan for types of business and industry

## PROCESS

### Administration:

Most applications begin with the applicant's local banker who recommends the Revolving Loan Fund program. In the event that the applicant banks outside of the city, either bank in Central City may serve as the starting point for individuals or businesses wishing to apply and to receive application guidelines and criteria.

RLF applicants from outside the city are encouraged to bank locally.

The RLF application review is conducted by the Mainstreet Revolving Loan Fund committee consisting of representatives from NXT Bank, Ohnward Bank, the City of Central City, a representative from the local business community, and a representative from the local school district. Serving as a non-voting member to the committee is the Administrator of the City of Central City acting in the role of Economic Development Coordinator. The committee reviews and recommends approval or denial of an application to the Mainstreet Board of Directors who is the final authority on granting the loan.

The RLF funds are available through an allocation of city funds and other grant/loan funds as are available and are therefore bound by restrictions as dictated by the City of Central City.

### Application:

All applicants for the RLF are charged a (non-refundable) \$200 processing fee.

Application packages are available through NXT Bank, Ohnward Bank, the Central City Mainstreet office, the office of the City Clerk, and on Central City Mainstreet's website, [www.ccmainstreet.org](http://www.ccmainstreet.org). Applicants are urged to complete the application in conjunction with applicant's local banker. Upon recommendation from NXT Bank or Ohnward Bank, the application is referred to the Loan Committee for their motion to approve. Upon final approval, the originating bank will issue and service the loan on behalf of the city RLF.

## GUIDELINES

### Eligibility:

Existing businesses within the city, businesses wishing to relocate to Central City, or individuals looking to start a new business who are or will commit to being financial supporters of Central City Mainstreet. Expansions and new business shall result in retention or creation of jobs and/or creation of new sources of economic activity within the city.<sup>1</sup>

Municipalities or not-for-profit agencies/corporations may be considered on a case-by-case basis for special projects that will result directly or indirectly in job retention/ creation or increased economic activity.<sup>2</sup> In the event that funds are needed to support a new business development, these loans may be called for immediate repayment.

### Uses of Revolving Loan Fund:

- Land and building acquisitions.
- Site preparation and land development costs
- Building construction.
- Building renovation.
- Tenant improvements
- Machinery and equipment.
- Inventory and working capital.

### Job creation or retention ratio goals:

#### Job creation

- One full-time permanent job created for each \$10,000.00 loaned.

#### Job retention

- One full-time permanent job retained for each \$10,000.00 loaned.

<sup>1</sup>New sources of economic activity are those that provide increases in sales or other revenues, i.e., expanded internet access, warehousing or logistics, and may add jobs indirectly.

<sup>2</sup>“not-for-profit” may include, but is not limited to, churches, human service agencies or development corporations

## **LOAN PRODUCTS**

Loans originate at local banks and are serviced by the local bank.

### **Loan limits:**

Loans generally shall not be made for less than \$2,000.00 and are preferred not exceed 25% of the total amount of the financing package up to \$25,000.00.

### **Terms:**

- Rate: 2 points below Prime Rate, adjusted as Prime Rate changes. Interest rate floor of 4.50% variable.
- Terms: Not to exceed 10 years, depending on the use of funds and security provided. To be determined with every loan agreement. Loan terms are typically one to seven years for working capital; two to ten years for machinery and equipment; and five to ten years for land and buildings. The committee retains the right to adjust individual loan terms in order to facilitate a successful RLF project.
- Personal Guaranty: Required.
- Collateral: To be determined with every loan agreement.
- Deferrals: Deferral of payments may be provided for up to one year, if required to make the project feasible.
- Equity: 10% of total project costs. Equity can be land, cash, equipment or a combination.
- Fees: Any bank fees for services, including application fees, processing and administrative fees will be paid by the applicant. May be included in the loan.
- Default and delinquency terms are defined in the security documents of the originating bank.

### **Additional Business Requirements**

- Must not sell or move within a period of 5 years without prior committee approval
- Must show adequate financial ability to repay the debt
- Must maintain hazard insurance on collateral
- Must carry lines and coverage of insurance appropriate to the business and corporate organization

Business Name: \_\_\_\_\_

Address: \_\_\_\_\_

Contact Person: \_\_\_\_\_ Email: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ Cell: \_\_\_\_\_

Federal ID#: \_\_\_\_\_ Completed by: \_\_\_\_\_

Signature: \_\_\_\_\_ Title: \_\_\_\_\_

**PLEASE READ CAREFULLY BEFORE SIGNING:**

I hereby give permission to NXT Bank or Ohnward Bank and the Revolving Loan fund Committee to research the company's history, make credit checks, contact the company's financial institution, and perform other related activities necessary for reasonable evaluation of this proposal. I hereby certify that all representations, warranties or statements made or furnished the committee in connection with this application are true and correct in all material respects. I understand that it is a criminal violation under Iowa law to engage in deception and knowingly make, or cause to be made, directly or indirectly, a false statement in writing for the purpose of procuring economic development assistance from a state agency or political subdivision.

NOTE: Central City Mainstreet will not provide assistance in situations where it is determined that any representation, warranty or statement made in connection with this application is incorrect, false, misleading, or erroneous in any material respect. If assistance has already been provided by Mainstreet prior to discovery of the incorrect, false, or misleading representation, Central City Mainstreet may initiate legal action to recover Revolving Loan funds.

Date Received: \_\_\_\_\_ By: \_\_\_\_\_



## BUSINESS INFORMATION

Please feel free to attach additional pages and/or documentation as necessary.

1. DESCRIPTION AND HISTORY OF BUSINESS (Provide a narrative history of the company, e.g. type of business structure, product(s) and/or service(s).
2. DESCRIBE IN DETAIL THE PROPOSED BUSINESS PROJECT/EXPANSION: (e.g., company relocation, plant expansion, remodeling, new product line, refinancing). If description is attached, please summarize here.
3. WHAT PERCENTAGE OF THE COMPANY’S SALES WILL BE OUTSIDE OF CENTRAL CITY?
4. WHAT PERCENTAGE OF THE COMPANY’S TOTAL OPERATING EXPENDITURES (including wages and salaries) WILL BE SPENT WITHIN CENTRAL CITY?
5. WHAT IS YOUR ANTICIPATED START-UP DATE?
6. WHAT DATE WILL YOUR PROJECT BE COMPLETED? (Note: Funds are normally not available until approximately two months after the City’s actual approval.)
7. HAS ANY PART OF THE PROJECT BEEN STARTED? (If yes, please describe)
8. HOW MANY EMPLOYEES ARE CURRENTLY EMPLOYED BY THE COMPANY?
9. IF AWARDED CITY RLF FUNDS HOW MANY NEW, FULL-TIME AND PART-TIME EMPLOYEES WILL THE COMPANY ADD TO THE PAYROLL?

Full-Time: 12 months	Full-time: 24 months Cumulative	Full-time: 60 months Cumulative
Part-Time: 12 months	Part-time: 24 months Cumulative (if applicable)	Part-time: 60 months Cumulative

10. WHAT IS THE ESTIMATED ANNUAL PAYROLL FOR THE NEW EMPLOYEES RESULTING FROM THIS PROJECT?

Year 1: \_\_\_\_\_ Year 2: \_\_\_\_\_ Year 3: \_\_\_\_\_

11. WHAT IS THE AVERAGE WAGE RATE (not including fringe benefits) PROJECTED TO BE FOR THE NEW EMPLOYEES?
12. WILL ANY OF YOUR CURRENT EMPLOYEES LOSE THEIR JOBS IF THE PROJECT DOES NOT PROCEED?

13. WHAT OTHER LOCAL COMPANIES COULD BE CONSIDERED YOUR COMPETITORS?
14. HOW WILL THIS PROJECT BENEFIT CENTRAL CITY AND THE COMMUNITY? (i.e., new jobs, payroll, economic diversification, capital investment, real estate tax, sales tax, utility tax)
15. WHAT FORM OF INVESTMENT WILL THE BUSINESS CONTRIBUTE TO THE PROJECT? PLEASE EXPLAIN CLEARLY. (i.e., direct cash investment, existing equity, new equipment)
16. IDENTIFY ALL AGENCIES OR INSTITUTIONS INVOLVED IN THE PROJECT AND WHAT THEIR INVOLVEMENT IS:
17. EXPLAIN WHY ASSISTANCE IS NEEDED FROM THE CITY RLF AND WHY IT CANNOT BE OBTAINED ELSEWHERE (i.e., financing gap, rate of return, location, lower rate)
18. EXPLAIN REQUEST FOR SPECIFIC TYPE OF ASSISTANCE (forgivable loan vs. loan, etc.) IF MARKET RATE LOAN IS NOT SUFFICIENT, EXPLAIN WHY.
19. WHAT TYPE OF SECURITY AND IN WHAT AMOUNT WILL THE BUSINESS PROVIDE THE CITY? IF NO SECURITY IS OFFERED, AN EXPLANATION MUST BE PROVIDED.
20. GENERALLY A DECISION ON THIS APPLICATION BY THE LOAN COMMITTEE OF THE MRLF CAN BE EXPECTED WITHIN 30 DAYS OF RECEIPT OF THE APPLICATION. IS THERE AN URGENT NEED FOR A MORE IMMEDIATE DECISION? (1-2 weeks)
21. IS COMPANY WILLING TO GIVE HIRING PREFERENCE TO CENTRAL CITY RESIDENTS?
22. IS THE COMPANY WILLING TO GIVE HIRING PREFERENCE TO FORMER EMPLOYEES OF ANY LINN COUNTY BUSINESS MERGED OR ACQUIRED BY THE COMPANY WITHIN THE LAST THREE YEARS.
23. HAS THE BUSINESS BEEN CITED OR CONVICTED FOR VIOLATIONS OF ANY FEDERAL OR STATE LAWS OR REGULATIONS WITHIN THE LAST FIVE YEARS? (including environmental or safety regulations)
24. WILL YOUR BUSINESS BE PERMANENTLY RESIDING ON OR JUST USING THE PROPERTY ON

Yes / No: Underground tanks (whether or not in current use) for the storage of petroleum products

Yes / No: Agricultural or other chemicals

Yes / No: Waste oil or other liquid waste

Yes / No: Other flammable, corrosive, reactive or explosive liquid or gas

WHICH THE FOLLOWING MAY BE LOCATED:

25. WILL YOU BE STORING ABOVE GROUND OR AROUND YOUR BUSINESS PREMISES IN TANKS OR OTHER UNITS FOR ANY LENGTH OF TIME
26. WILL YOU BE TREATING, TRANSPORTING, OR DISPOSING OF ANY LIQUID, GAS OR SOLIDS INCLUDING THOSE ITEMS REGARDING QUESTION 24 OR 25 ABOVE, EITHER ON OR ABOUT YOUR BUSINESS PREMISES, AT A LAND WATERWAY BODY OF WATER, OR IN ANY AIRCRAFT?
27. IF THE BUSINESS GENERATES SOLID OR HAZARDOUS WASTE, IT IS REQUIRED TO SUBMIT AN AUDIT AND MANAGEMENT PLAN TO REDUCE THE AMOUNT OF WASTE AND TO SAFELY DISPOSE

OF THE WASTE. FOR THE PURPOSE OF MEETING THIS REQUIREMENT, THE BUSINESS IN LIEU OF PROVIDING IN-HOUSE AUDITS, COMPLETED AUDITS MAY BE SUBMITTED BY EITHER THE WASTE MANAGEMENT AUTHORITY OF THE IOWA DEPARTMENT OF NATURAL RESOURCES (IDNR) OR IOWA WASTE MANAGEMENT. CENTRAL CITY WILL NOT PROVIDE FINANCIAL ASSISTANCE UNTIL AUDIT IS SUBMITTED.

## 28. WILL ANY PART OF THE PROJECT TAKE PLACE IN A 100-YEAR FLOOD PLAIN? APPLICATION CHECKLIST

The following attachments are required for a complete application. Please use this list to ensure that all items required are submitted. If any item is not submitted, please attach explanation.

- List of employment positions/classifications and hourly rates for each current job
- Description of standard fringe benefits provided to the employees
- Copy of the most recent monthly payroll register
- Business plan (if new business)
- Marketing plan (if new business)
- Letter of commitment of funds (from banks, applicant, etc.)
- Profit & Loss Statements (3-year historical and 2-year projections)
- Balance sheets (3-year historical and 2-year projections, including aging accounts receivable schedule, aging accounts payable schedule and a schedule of other debt)
- Certification of good standing from the Iowa Secretary of State or an authorization to conduct business in Iowa.
- Certificate of incumbency listing the current board of directors and current officers if a corporation, or a listing of the general partners if a partnership.
- Corporate signatory authorization naming an officer to execute loan documents, if approved.
- Cost Estimates of construction, machinery and/or equipment (if construction or equipment upgrades are required)
- Federal Identification Number
- Map indicating location of the project

## LOAN EVALUATION CRITERIA

Projects are evaluated on the following criteria and compared to other applications that are received. Your application must score 20 or more points to be considered eligible for a loan.

Loan to Value of Collateral:		Points_____
➤ <50% Loan to Value	10 Points	
➤ <65% Loan to Value	8 Points	
➤ <80% Loan to Value	4 Points	
➤ <90% Loan to Value	2 Points	
➤ 90+% Loan to Value	0 Points	

Repayment Capacity/Debt Service Coverage Ratio (margin of revenue over expenses and debt payments):		Points_____
➤ >1.75	10 Points	
➤ >1.50	8 Points	
➤ >1.25	4 Points	
➤ >1.10	2 Points	
➤ >=1.00	0 Points	

Management Experience in Area of Interest:		Points_____
➤ Extensive Experience (10+ Years):	10 Points	
➤ Experienced (5-9 Years)	8 Points	
➤ Knowledgeable (2-4 Years)	4 Points	
➤ Familiar (1+ years)	2 Points	
➤ Novice	0 Points	

Credit History (Months of no late payments):		Points_____
➤ 24 Months or more:	10 Points	
➤ 18-23 Months:	8 Points	
➤ 12-17 Months:	4 Points	
➤ 6-11 Months:	2 Points	
➤ <6 Months	0 Points	

Employment Opportunities:		Points_____
How many new, permanent jobs will be created and/or how many existing jobs will be retained?		
➤ 3 or more	10 Points	
➤ 1-2 more	8 Points	
➤ ½ to 1	4 Points	
➤ ¼ to ½	2 Points	
➤ 0	0 Points	

Comprehensive nature of business plan. (Does it address business goals and objectives, an analysis of the market, a comprehensive analysis of the business prospects for success, a complete set of financial data and projections, and a full analysis of management capabilities?.)

	Points_____
➤ Very comprehensive	10 Points
➤ Fairly complete	8 Points

- Adequate 4 Points
- Fair 2 Points
- Poor 0 Points

Improvements Points\_\_\_\_\_

How much money will be invested in the business compared to the loan amount requested?

- 6 times the loan amount 10Points
- 5 times the loan amount 8 Points
- 4 times the loan amount 4 Points
- 3 times the loan amount 2 Points
- 2 times or less 0 Points

Total Points Available = 70

<b>SOURCES AND USES</b>							
<b>USE OF FUNDS</b>							
	Cost	Source A (MRLF)	Source B	Source C	Source D	Source E	Source F
Land Acquisition							
Site Preparation							
Building Acquisition							
Building Construction							
Building Remodeling							
Machinery & Equipment							
Furniture and Fixtures							
Working Capital							
Other:							
Other:							
<b>TOTAL</b>							
<b>TERMS OF PROPOSED FINANCING</b>							
Source of funds	Amount	Type	Rate	Term (Months)			
Source A: Mainstreet Revolving Loan Fund							
Source B							

Source C				
Source D				
Source E				
Source F				
Other:				
Other:				
<b>TOTAL</b>				