

CLAY COUNTY REVOLVING LOAN FUND

- GUIDELINES -

The following information is provided to help you determine if your business is eligible to receive loans from the Clay County Revolving Loan Fund.

PROCESS

1. Review the following information to determine your project's eligibility. If you feel your project is eligible, proceed with step two.
2. Contact Kelly McCarty, President of the Clay County Revolving Loan Fund, or a lending institution located within Clay County for an application form.
3. Complete the application materials, providing all requested information, and submit them to your lender and the Clay County Revolving Loan Fund.
4. Upon receiving the application materials, the Revolving Loan Fund Committee will convene to review the application. The applicant and their lender will be called to participate in a confidential interview process.
5. The RLF Committee will then make a recommendation to the Clay County Board of Supervisors who hold the final authority on granting or rejecting the loan application. The Clay County Board of Supervisors meets every other Tuesday of each month.

APPLICATION COSTS

A \$50.00 application fee payable to the Clay County Revolving Loan Fund must accompany the completed application. The applicant must pay any loan documentation costs.

PURPOSE

The purpose of the Clay County Revolving Loan Fund is to further economic development through joint private and public investments which involve the creation of new jobs and income, or the retention of existing jobs and income.

The Clay County Revolving Loan Fund committee and the Clay County Board of Supervisors must determine that an economic benefit to Clay County will reasonably be accomplished before providing any RLF financial assistance. The committee shall give consideration to factors including, but not limited to, the following:

1. The loan fund will be used to assist existing or start-up businesses including areas of manufacturing, retail, and/or service located in Clay County.
2. Revolving Loan Fund resources may be used to attract businesses or to expand existing businesses.
3. Economic impact on Clay County from the loss of jobs associated with employers leaving the county or ceasing operation.

4. Economic impact on Clay County from the creation of new jobs or retention of existing jobs.
5. Quality of jobs and wages paid will be a consideration.

CONSIDERATIONS

1. Funding which is provided will be treated as public funds.
2. Interest earned on both Revolving Loan Fund loans and investment of unloaned portions of the Revolving Loan Fund will accrue to and remain in the loan fund.
3. Revolving Loan Fund funds loaned will be secured through the use of liens, security agreements, or mortgages subordinate to private lending institutions whenever possible.
4. Lenders who are involved in a Revolving Loan Fund project shall participate in an annual review of the project until the loan is satisfied. After full review, the Clay County Revolving Loan Fund committee will determine if changes in the project need to be made.
5. Borrowers will provide monthly financial statements no later than 30 days after the end of month.
6. These guidelines can be changed or amended by a vote of a majority of members of the Clay County Revolving Loan Fund Committee, with final approval given by the Clay County Board of Supervisors.

ADMINISTRATION

1. The Clay County Revolving Loan Fund will be in the custodial care of the Clay County Treasurer, including but not limited to, loan disbursements, receipt and deposit of payments. The Clay County Auditor's office will be the physical custodian of all permanent records.
2. The Clay County Revolving Loan Fund committee will have the responsibility for determining loan advisability. This includes, but is not limited to, negotiating with borrowers such items as loan amounts, loan duration, and repayment terms. The RLF committee will then make a recommendation to the Clay County Board of Supervisors. Final loan approval rests with the Clay County Board of Supervisors.
3. Whenever possible, a member of the participating private lending institution shall be a non-voting participant in the RLF committee loan approval discussions.
4. A majority of the RLF committee must be present to conduct business.
5. The Clay County Revolving Loan Fund committee shall be appointed to three year terms by the Board of Supervisors of Clay County. Terms will be staggered.
6. CEBA or SBA application forms can be used in lieu of the Clay County Revolving Loan Fund Application.

USE OF REVOLVING LOAN FUNDS

Revolving loan funds may be used for the following:

- Land purchases
- Building purchases
- Building construction
- Machinery purchases
- Equipment purchases
- Any other uses deemed appropriate by the RLF committee

PROJECT PARTICIPATION/LENDING LIMITS

1. Any project located within Clay County.
2. There is a recommended maximum of \$10,000 loaned for each job created or retained. Jobs must be created or retained within 24 months and maintained for the duration of the loan.
3. It is suggested the applicant provide a minimum of 75% of the total project cost through equity injection, additional financing, or equivalents.
4. Of the 75% the applicant must provide, a minimum of 12% of the total project cost must be in the form of cash or equivalents.
5. The maximum loan per project will be 25% of the total project up to a maximum of \$100,000.

LOAN STRUCTURE AND TERMS

1. All principal and interest will be paid back into the Clay County Revolving Loan Fund. A processing fee of \$10.00 per payment will be included in the loan payment. All payments will be automatically debited from the borrower's checking account on the 15th of the month.
2. It is recommended there be a maximum 10-year payback on a loan from the RLF.
3. The Clay County Revolving Loan Fund committee and the applicant and/or their designated representatives will negotiate loan terms.
4. The recipients of the Revolving Loan funds must personally guarantee the loan.
5. The company or individuals receiving Revolving Loan funds must maintain life insurance on the owners with the Clay County Revolving Loan Fund named as beneficiary for the balance of the loan outstanding.
6. If the recipient of the Revolving Loan funds moves the funded business from Clay County, fails to comply with any provision of their specific loan agreement, or any portion of these guidelines, or fails to meet job creation/retention goals offered as justification for use of RLF funds, the Clay County Revolving Loan Fund committee reserves the right to call the loan due, accelerate payment, or utilize other remedies to enforce compliance.
7. Interest rates and project terms may be based on the following criteria:
Interest rates will be reviewed and set by the Clay County Revolving Loan Fund committee for each application. The term of the loan will also be at the discretion of the committee.

CLAY COUNTY REVOLVING LOAN FUND
APPLICATION FOR FINANCIAL ASSISTANCE

1. Business Name: _____

Address: _____

_____ Zip _____

Contact: _____

Telephone: _____

I hereby give permission to the Clay County Revolving Loan Fund 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 this proposal.

Signature of Company Officer

Title

Date

2. Description and history of business

3. Describe in detail the proposed project you are asking us to fund:

4. What percentage of the company's sales will be outside Clay County?

5. What percentage of the company's total operating expenditures, including wages and salaries will be spent within Clay County?

6. What date will the project begin? _____

What date will be project be completed? _____

7. Has any part of the project been stated yet? _____ Yes _____ No
If yes, please describe:

8. How many employees are currently employed by the company? _____
- If this company has more than one facility, how many full-time employees are there at the facility affected by this proposal? _____
- How many part-time employees? _____
9. How many additional full-time employees will you add to the payroll within 24 months if this project is accomplished? _____
- Additional part-time? _____
10. What is the estimated annual payroll for the new employees resulting from this project?

11. What is the average wage rate projected to be for the new employees? _____

12. Will any of the current employees lose their jobs if the project does not proceed?
_____ Yes _____ No
13. If yes, how many and please explain why:
14. How will this project benefit the City/County, etc?

15. Summary of project costs and proposed financing sources:

Activity	Amount Needed	Amount Provided	Provided By
Land Acquisition	_____	_____	_____
		_____	_____
		_____	_____
Site Prep	_____	_____	_____
		_____	_____
		_____	_____
Building Acquisition	_____	_____	_____
		_____	_____
		_____	_____
Building Construction	_____	_____	_____
		_____	_____
		_____	_____
Building Remodeling	_____	_____	_____
		_____	_____
		_____	_____
Machinery and Equipment	_____	_____	_____
		_____	_____
		_____	_____
Furniture and Fixtures	_____	_____	_____
		_____	_____
		_____	_____
Working Capital	_____	_____	_____
Receivables	_____	_____	_____
Inventory	_____	_____	_____
Marketing	_____	_____	_____
Other	_____	_____	_____
Other	_____	_____	_____
Describe	_____	_____	_____
		_____	_____
Total	\$ _____	\$ _____	

both columns must balance

16. Terms of proposed financing:

	<u>Amount</u>	<u>Type of Loan</u>	<u>Rate</u>	<u>Term</u>
Clay County RLF	_____	_____	_____	_____
Conventional	_____	_____	_____	_____
Job Training	_____	_____	_____	_____
Community Participation	_____	_____	_____	_____
State Assistance	_____	_____	_____	_____
Other	_____	_____	_____	_____

17. Explain what form the business contribution to the project is: (i.e. cash, loan, equity, etc.)

18. Identify all agencies or institutions involved in the project and what their involvement is:

19. Is there any potentially adverse environmental impact from this project? If so, explain:

20. Explain request for low interest loan. If market rate loan is not sufficient, please explain why.

21. What type of security and in what amount will the assisted business provide the Clay County Revolving Loan Fund?

Mortgage _____ \$ _____
What seniority or position? _____

Lien on _____ \$ _____
What seniority or position? _____

Personal Guarantee _____ \$ _____

Other _____ \$ _____

None _____

22. Generally a decision by the Clay County Revolving Loan Fund on this application can be expected within 30 days of its receipt.

Is that an adequate time frame? _____ Yes _____ No

If no, please explain the need for a quicker decision.

23. Is applicant's company willing to give preference in hiring to low and moderate income persons?

_____ Yes _____ No

24. Is applicant's company willing to give hiring preference to Iowa residents or residents of Clay County?

_____ Yes _____ No

25. Required attachments. Check off each one submitted. If not submitted, explain why:

- _____ Capital equipment list or current depreciation schedule
- _____ List of positions for jobs to be created or retained
(i.e. 5 welders, 3 assemblers)
- _____ Business Plan (if new business)
- _____ Profit and Loss Statements (3 year historical and 2 year projections)
- _____ Balance sheets or financial statements (3 year historical and 2 year projections)
- _____ Business tax returns (3 year historical)
- _____ Letters of commitment of funds from banks and other funding sources
- _____ Description of standard fringe benefit package provided to employees
- _____ Market demand summary / purchase orders
- _____ Resume of principals with personal financial statements
- _____ Company's federal identification number or SSN
- _____ Copies of company's quarterly Iowa "Employer's Contribution Payroll Report" for the past year and a copy of the most recent monthly Payroll Register
- _____ A list of any civil or criminal violations of state or federal law which the company has been charged with or convicted of during the last five years. Please include the violations and dates, the agency that charged the violation, the outcome or resolution, and any penalties or settlement terms.
- _____ Will the project involve a transfer of operations or jobs from any other Iowa facility or replace operations or jobs currently being provided by another Iowa company? If yes, please indicate the facility(s) and/or company(ies) affected.

26. Further comments by applicant:

I hereby certify that the information provided herewith is correct. I authorize the Clay County Revolving Loan Fund to research the Company's history, make credit checks, contact the Company's financial institutions and perform other related activities necessary for the reasonable evaluation of this proposal.

Signature of Company Officer

Date

Please return completed application to:
Kelly McCarty, President
Clay County Revolving Loan Fund
1900 Grand Ave., Suite B1
Spencer, IA 51301