



Heron Lake Revolving Loan Fund (RLF)

Your resource for gap financing

GUIDELINES AND CHECKLIST FOR APPLICATION

GENERAL GUIDELINES:

The purpose of the Heron Lake Revolving Loan Fund (RLF) is to provide gap financing for new and/or existing business or retention of business that will have a significant economic impact on the City of Heron Lake and/or surrounding area. Eligible areas include Jackson County in its entirety as well as a 20 mile radius of Heron Lake. Eligible development projects include retail, service, manufacturing, distribution, and agribusiness. The company must be a "for-profit" business.

Other loan parameters include:

- Must show that they can not leverage affordable financing from other resources.
- RLF must be matched on a 1:1 basis by a bank or other non-federal source.
- 1 full time equivalent (FTE) job must be created and/or retained for every \$20,000 of loan proceeds from the RLF
- Loan size: \$10,000-\$100,000
- Interest Rates are dependent on the specific project
- Working capital terms 0-3 years
- Machinery, equipment terms: 3-5 years (depending on the estimated life expectancy of the asset)
- Real estate terms not to exceed 5-7 years
- Loans may be amortized for a larger term and ballooned at a sooner date as deemed appropriate.
- Personal guarantees and collateral assignment of life insurance policies on principals are generally required.

CHECKLIST FOR APPLICATION:

- Personal Financial Statement (form attached) current within 90 days for each proprietor, partner, or stockholder with 20% or more ownership.
- Resumes of the principals involved in the day-to-day management.
- A balance sheet and income statement for the previous four years for the business. Historical tax statements will be sufficient.
- A balance sheet and income statement dated within 90 days of the application together with an aging of the accounts receivable and accounts payable listed.
- A projected, annualized income statement for the first two years after the loan with a description of the assumptions attached.
- A schedule of debts which includes the original date and amounts, monthly payments, interest rates, present balance owed, maturity, to whom payable and collateral securing the loans.
- Documentation proving expressed need for gap financing. This could be provided by your lender in the form of a rejection letter OR a letter stating maximum terms and conditions of their commitment.
- Corporate and/or Individual Income Tax Returns for the last three (3) years.
- A schedule of any previous government financing received by any principals or affiliated companies. Include the name of the agency, original date and amount, outstanding balance, status of the loan, and collateral securing the loan.
- The names of affiliated (through ownership or management control) or subsidiary businesses as well as the last two fiscal year-end financial statements and a current financial statement for each of these firms.
- An independent appraisal.
- Certification of Incorporation and Corporate Resolution authorizing the corporation to borrow money from the RLF.
- Copy of current or proposed lease on buildings and/or equipment associated with the business.
- Key cost documents (e.g. vendor quotes, contractor estimates, purchase agreements) associated with the project.

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