



Revolving Loan Fund (RLF)

Your resource for gap financing
Southwest Regional Development Commission

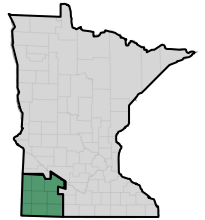
GUIDELINES AND CHECKLIST FOR APPLICATION

GENERAL GUIDELINES:

The purpose of the SRDC Revolving Loan Fund (RLF) is to directly loan funds to assist with new and expanding business development in the southwest portion of Minnesota. "Region 8" encompasses the Counties of Cottonwood, Jackson, Lincoln, Lyon, Murray, Nobles, Pipestone, Redwood, and Rock. Eligible development projects include retail, service, manufacturing, distribution, and agribusiness. The company must be a "for-profit" business and be located within the boundaries of Region 8 to be eligible.

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: \$5,000-\$100,000
- Interest Rates are 1 point below NY Prime rate with a minimum of 4%
- Working capital terms: 5-7 years
- Machinery, equipment terms: 7-15 years (depending on the estimated life expectancy of the asset)
- Real estate terms not to exceed 20 years
- Balloon payments are sometimes utilized. Borrower can request extension.
- Personal guarantees and collateral assignment of life insurance policies on principals may also be 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.
- \$150 Application Fee

Required documentation to be completed prior to final approval.

1. Forms ED-540 and ED-612, Assurance of Compliance: Civil Rights Act of 1964
2. Employers Certificate of Non-Relocation
3. Form 101A, Assurances: Construction Programs
4. Environmental Assessment Checklist
5. Form ED-524, Certificate of Compliance with Clean Air and Water Pollution Control Act

Submit Application to:

Robin Weis, Economic Development Director

2401 Broadway Avenue, Suite 1

Slayton, Minnesota 56172

Phone: 507-836-1638

Fax: 507-836-8866

E-mail: Robin@swrdc.org

