

The South Alabama Regional Planning Commission



***Revolving Loan
Fund***

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REVOLVING LOAN FUND

The South Alabama Regional Planning Commission (SARPC) Revolving Loan Fund (RLF) will make loans to small businesses and industries to stimulate, develop, and advance business and economic development. Its primary goal is to reduce unemployment and create new jobs.

SARPC works in cooperation with private lenders in handling loans; that banks might not ordinarily make on their own.

PURPOSE: SARPC provides gap financing for small and medium sized businesses and industries that are financially healthy and growing but may need additional capital to carry out an expansion project. SARPC can also provide a source of incentive financing for businesses locating facilities in the area. New entrepreneurial ventures (start-ups) will also be considered for loans and assisted where it is feasible and fiscally sound to do so. Any legitimate business proposal resulting in significant employment for the target area's unemployed and underemployed will be given consideration. However, SARPC does not provide venture to support high risk enterprises.

USES OF FUNDS:

- Purchase and develop land and facilities
- Construct new buildings
- Renovate or modify existing buildings
- Purchase machinery and equipment
- Respond to working capital needs

ELIGIBLE BORROWERS: One important feature of RLF is that it can be extended to borrowers when additional financing is needed to permit completion and/or successful operation or accomplishment of project activities to be financed. The basis for such a determination of need will be kept on file. Industries targeted for RLF funding are as follows:

- Manufacturing Industries
- Service Industries
- Other Small Businesses where there is demonstrable community need

South Alabama Regional Planning Commission

Employment/ Economic Services

P.O. Box 1665 Mobile, Alabama 36633

Telephone: (251) 706-4659

LOAN STRUCTURE: The SARPC can provide gap financing or cost up to 1/3 of the total project. When collateral is shared between the lending institution and SARPC the lending institution will hold the first mortgage with the SARPC taking a second or junior position.

LOAN LIMITS: The minimum loan amount will be \$10,000. No more than 30% of a loan may be for working capital.

INTEREST RATES: SARPC provides fixed rate interest loans, which will be generally available based on current market rates. The borrower must justify the need for the below market rate, and the typical loan is expected to be prime to two points below prime. The private lenders will set the interest rates for their loans.

MATURITY TERMS: The terms of the loans should be matched to the uses of funds, with long-term financing structured to the productive life of fixed assets. The terms of maturity of loans will vary, but these repayment terms are generally considered appropriate:

- Building and real estate loans: 10 to 12 years
- Machinery and equipment loans: 5 to 10 years
- Working capital loans: 1 to 5 years

CRITERIA: The purpose of the program is to create or retain jobs and to leverage private sector capital investment. The following criteria will be used in evaluating loan applications.

- Funding with satisfactory terms and conditions must be unavailable from conventional lenders.
- The job to cost ratio for a project should average \$10,000 per job of SARPC money.
- The SARPC should leverage private sector investment on; at least a 1:2 ratio at the least.
- Equity injection will be set on an individual basis, but the following standards are considered appropriate.
 - ✓ Industrial expansions- 10% to 20% equity financing
 - ✓ Industrial start-ups- 10% to 20% equity financing

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OTHER CREDIT CONDITIONS: Like any private lender, the SARPC will require the following:

- Financial Statements
- Evidence of sufficient cash flow to service the debt
- Personal guarantees of the principals, partners and owners
- Monthly or quarterly financial statements

PROCESSING: The potential borrower can contact SARPC directly. If a private lending institution is contacted first, the borrower should inform the lending institution that it is the borrower's desire to include SARPC funds in the loan request. Once an application, with all required documentation is submitted, the loan request will be reviewed by our Loan Administrative Committee. If approved, the private lending institution and SARPC loan documents will be executed simultaneously.

FEES:

- **One time processing fee of 1-1/2%** on the amount of the loan due at the time of closing.
- **Annual servicing fee of 1/2%** on the declining loan balance.
- The borrower will pay all closing costs, including attorney's fees, probate recording fees, and Uniform Commercial Code filing fees.

For additional information or assistance, contact

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South Alabama Regional Planning Commission

Revolving Loan Application

Date: _____

Business Information:

Federal Tax
ID Number (FIN) : _____

Name of Company: _____

- Corporation- Shareholders
- General Partnership- Partner
- Limited Liability
- Sole- Proprietorship
- Limited Partnership

Company
Address: _____

Existing Business

Start up business

Nature of
Business: _____

Number of years in existence: _____

Tax Returns available for previous business years: _____

Personal Information:

Name and Address of owners

(Identify as shareholder, proprietor, partner, general partner, limited partner, or member)

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

1) Have any owners filed personal bankruptcy within the last ten years?
() Yes () No

If yes, explain: _____

2) Is any owner a defendant in any suit or legal action? () Yes () No

If yes, explain: _____

3) Has any owner been garnished, had a creditor repossess property or foreclosed, or had a judgment entered against them? () Yes () No

If yes, explain: _____

4) Does any owner have any outstanding tax liabilities? () Yes () No

If yes, explain: _____

By signing below each owner/ applicant represents that the foregoing information is true and correct. The applicant(s) agrees that the loan terms are acceptable if approved by the commission; agrees to provide the commission with personal and business financial information; and authorizes the commission to make any inquiry deemed necessary to verify the accuracy of any information provided herein or in any financial statement and to determine the creditworthiness of the undersigned, including but not limited to verifying employment, salary and obtaining credit bureau reports.

Owner/Applicant (Signature) _____
Owner/Applicant (Print): _____
Social Security Number: _____
Date of Birth: _____

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Additional Exhibits

- A. Business Plan which 1) Describes the background and history, 2) Provides an analysis of what the new project will accomplish 3) Explain how the market will support and sustain business operations, and 4) Breakdown of ownership. (**Applies to start up companies and those with less than three years of operation**)
 - B. Sales agreement for land and/or building to be purchased.
 - C. Itemized contractor's bid/ estimates for construction/ renovation and/or signed quotes or sales agreements on machinery/ equipment purchases.
 - D. Letter from participating lender(s) detailing the following: amount, interest rate, term, and collateral. (All terms and conditions of financing)
 - E. **Professionally prepared** balance sheet and profit and loss statements for company's three most recent fiscal years, with notes. (Bound copy from accountants)
 - F. In house balance sheet and profit and loss statements (within the last 90 days)
 - G. **Professionally prepared** projected three year balance sheet and profit and loss statement with notes. (Project the balance of this fiscal year as well as the next fiscal year)
 - H. **Professionally prepared** projected one year cash flow statement (month by month), which includes new debt service. (Project cash flow for balance of this fiscal year as well as next year)
 - I. Summary of outstanding loans including the following: amount, remaining balance, interest rate, term, monthly payment, and security. Include all loans to date and pending.
 - J. Resumes for all persons listed as principals and management including education and experience.
 - K. **Completed** personal financial statements for all owners/ officers regardless of ownership percentage.
 - L. Names of any affiliates or subsidiaries including relationship (include financial statements)
 - M. Details of any bankruptcy or insolvency proceeding against company or principals, with details of any lawsuits.
 - N. Franchise Agreements
 - O. Recent appraisal of building to be purchased or offered as collateral. (Loan may be contingent upon appraisal of value. Do not request appraisal until approval of loan.)
 - P. Current environmental assessment of subject property
(Loan may be contingent upon receipt of Phase 1 environmental, if necessary.)
 - Q. Personal Federal Income Tax Returns for the last three years.
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Office Use Only

Loan Request Information

Applicant Name: _____

Amount of loan request: _____

Amount of loan from participating bank: _____

Name of participating bank: _____

Contact Name: _____ Phone Number: _____

SARPC Interest Rate: _____

Term (Years): _____

Guarantors: _____

Collateral: Real Estate 1st Mortgage 2nd Mortgage
 Equipment Inventory Accounts
 Contract Rights General Intangibles
 Other: _____
