

OBERLIN BUSINESS ASSISTANCE

REVOLVING LOAN

PROGRAM

Guidelines & Application Form

Oberlin Community Improvement Corporation
85 South Main Street
Oberlin, OH 44074

**OBERLIN BUSINESS ASSISTANCE REVOLVING LOAN PROGRAM
(OBARLP) APPLICATION PACKAGE**

PROGRAM	Small Business Revolving Loan Fund.
TYPE OF ASSISTANCE	Direct loan
APPLICATION OF FUNDS	Purchase or construction, rehabilitation, or renovation. Purchase of equipment and machinery, Limited working capital.
ELIGIBILITY REQUIREMENTS	Borrower must be for-profit business.
APPROVAL	Demonstrated capacity to repay loan. Earnings and financial condition, collateral, management ability.
PROJECT SIZE	Typically under \$100,000
MAXIMUM APPROVAL	\$50,000
% FINANCING AVAILABLE	Up to 50%
REQUIRED EQUITY	Minimum 10% but could go as high as 30%.
TERM OF LOAN	Up to 10 years, but related to economic life of purchased assets or collateral.
REPAYMENT	90 to 120 days interest only, after which monthly repayment begins
INTEREST RATE	Prime minus 1% changing annually
COLLATERAL POSITION	As determined by review committee and approved by OCIC
FEES	2-3% fee in addition to all out of pocket expenses
PERSONAL GUARANTEES	Mandatory standard anyone owning 20% of business
JOB CREATION	1 job new or retained) from low/moderate income family for each \$15,000 requested
INELIGIBLE	Refinancing existing debt. Speculative real estate projects. Training costs, non-capital equipment, rolling stock, etc.
ADMINISTERING AGENCY	Oberlin Community Improvement Corporation City of Oberlin 85 South Main Street Oberlin, OH 44014 Ph. (440) 775-1531 Fax (440) 775-7208

OBERLIN BUSINESS ASSISTANCE REVOLVING LOAN PROGRAM (OBARLP) APPLICATION PACKAGE

Goals and Objectives

- A. Create and retain permanent private sector job opportunities, principally for persons of low and moderate income.
- B. Attract, retain and expand business and industry in Oberlin.

Program Target Guidelines

Businesses to be targeted by the OBARLP will include any for-profit business.

The goals of the OBARLP are to assist local, existing businesses and business relocation and/or new business start-ups within the City of Oberlin.

OBARLP Loan Guidelines

- A. Eligible OBARLP Applicants
 - * Eligible OBARLP borrowers include for-profit businesses.
 - * The business may be organized as sole proprietorship, partnership, limited liability or corporation.
 - * The business may be a distributorship of a franchise.
 - * The business must have been in operation for the preceding twelve (12) months.
- B. Eligible Uses of OBARLP Loan Proceeds
 - * Purchase of capital machinery and equipment to be used in the modernization of an existing operation or to expand the scope of business.
 - * Payment of new construction or rehabilitation/renovation costs.
 - * Creation of working capital for the on-going operations of an existing business.
 - * Payment of demolition/site preparation, land acquisition or improvement.
- C. Ineligible Uses of OBARLP Loan Proceeds
 - * Re-financing of already existing loan debt
 - * Speculative real estate projects (i.e., building a *rental office* complex without firm tenant commitments)
 - * Training costs, non-capital equipment, rolling stock etc.
- D. OBARLP Minimum Standard For Granting-Loans
 - * Each loan must clearly demonstrate *the* creation/retention of at least one (1) full-time equivalent *job* for every \$15,000 in OBARLP funds within eighteen (18) months of *the* completion of the project.
 - * At least 51 % of all jobs created *must be made* available to low to moderate-income households.

- * Each OBARLP dollar loaned must leverage at least one (1) \$ 1.00 dollar of private money. The minimum OBARLP assistance necessary will be provided.

Typical Structure of an OBARLP Loan:

40 - 50% Private Financing (usually bank)
 30 - 40% OBARLP
 10 - 30% Applicant Equity

100% Project Cost

E. OBARLP Total Loan Portfolio Impact -First Year

- * The total job creation/retention of OBARLP loans made during the first year will be at least three (3) full-time equivalent jobs. At least two (2) jobs must be available to LMI persons.
- * Working Capital Loans will not constitute more than \$10,000 or thirty percent (30%) whichever is less, of the total OBARLP loan portfolio. The majority of OBARLP funds are intended to be used for fixed-asset loans.

OBARLP Financing Policies

- * Summary of OBARLP Credit Criteria
 - ** Project Cash Flow must be greater than Debt Service.
 - ** Collateral must be sufficient to secure OBARLP 's lien/mortgage position
 - ** Financial institution participation or their satisfactory commitment must be place for remainder of project financing.
- * The business receiving OBARLP financing must agree to formally document low- or moderate-income job retention/creation
- * Private lender participation is strongly recommended. Only in limited cases will consideration be given to non-lending institution-based financing for the remainder of the project's cost.
- * The OBARLP will not consider a project, which exceeds \$50,000 without private lender participation. The maximum assistance to one project will be \$50,000. The normal average size of an OBARLP loan will be \$10,000 to \$ 50,000.
- * Loan Term and interest Rate: Fixed asset loan may extend to the life of the asset, but not to exceed (10) years. Working capital loans will have the terms negotiated but will generally be short-term notes. **The interest rate will be prime minus one percent (1%).** **Loan repayment will normally begin thirty (30) days after the project is completed.**
- * The OBARLP will not consider any special financing techniques such as interest-deferrals or "balloon" payments.
- * Equity: Negotiated amount not less then Ten percent (10%) but not to exceed thirty percent (30%) borrower equity injection will be required in all loan projects, and may be in cash or represented in assets which will directly influence total project costs.
- * OBARLP loan repayments will be used in the following manner: Principal payments and interest-earned on the deposited OBARLP funds will be re-loaned to eligible businesses for OBARLP activities. Interest derived from the loan repayments (**prime minus 1%**) may also be used to pay for OBARLP administrative costs.

- * Applicants for OBARLP funding shall be responsible for any fees encountered through the application process up to the loan's approval/disapproval. The successful OBARLP loan recipient shall also be responsible for normal loan closing costs (i.e., mortgages, security agreements, financing statements, etc.). These fees/closing costs will pass directly to the applicant. There will be no other loan or origination fees.
- * The OCIC will develop restructuring guidelines as necessary.
- * When potential applicants are found not to be eligible for OBARLP consideration (*because* of size of loan request, use of proceeds type of business. etc.), the OCIC will attempt to match the applicant with other existing *public and* private loan programs.

The terms and conditions listed hereto may be subject to negotiation during the loan review process.

LOAN ADMINISTRATION

Oberlin Community Improvement Corporation

The administration entity for the City of Oberlin's Business Assistance Revolving Loan Program (OBARLP) is the Oberlin Community Improvement Corporation (OCIC), which by Charter encourages economic development in the city. The OCIC:

- * Markets the OBARLP to businesses
- * Provides a semi-annual report to the Oberlin City Council and Ohio Department of Development regarding the OBARLP program
- * Reviews/has final approval of OBARLP loans.
- * Provides a plan for re-capitalization including identifying sources of funding.
- * Holds collateral for loans.
- * Conduct Environmental Review of each project for which a loan is sought.
- * Presents approved loan applications to the Oberlin City Council for ratification.
- * Reviews OBARLP progress/adherence to its guidelines.

OCIC Loan Review Committee

Application Review and Selection will be the responsibility of the OCIC Loan Review Committee and the OCLC staff. The function of this committee involves:

- * Three (3) or five (5 members from OCIC Membership (CPA, Banker, Attorney, etc.).
- * Does credit analysis of applicant. Is cash flow greater than debt service? (May perform with participating financial institution's commercial loan officer)
- * Meet with loan applicant.
- * Negotiates terms with applicant.
- * Determines collateral/position of OBARLP.
- * Recommends loan/term/collateral to full OCIC.

The recommendations made to the full OCIC board will be largely based on the following minimum guidelines:

- * Number of new jobs;
- * Number of saved jobs;
- * Leverage with private investment
- * Percent of low/moderate income jobs created
- * Equity injection into the project; and
- * Strength of collateral offered and ability to repay the loan.

Under the supervision of the Loan Review committee of the OCIC, the OCIC Staff/OBARLP Loan Packager will perform the following duties:

- * Respond to inquires about OBAR [P
- * Receive and assist with completion of application materials.
- * Review applications for compliance with basic guidelines and objectives and for completeness.
- * Secure financial evaluation of business and project's feasibility.
- * Present completed materials to Loan Review Committee Board of OCIC.
- * Monitor and document job retention/creation.
- * Conduct Environmental Review.
- * Monitor loan payments
- * Notify Committee of defaults/delinquencies.
- * Prepare reports as requested by the City of Oberlin and/or Ohio Department of Development.
- * Maintain records and files.
- * Disburse funds received from the City of Oberlin.

Loan Closing/Legal Counsel

The OCIC Legal Counsel will:

- * Review Promissory Note, Security Agreement, Mortgage Note, and other documents as necessary.
- * Be present at loan closing.
- * File closing documents.

Oberlin City Council

Ratifies all loan agreements by ordinance.

Loan Servicing and Follow-up Procedures

This function will be performed by the OBARLP Loan Packager or when possible by participating bank. Loan repayments will be made to the City of Oberlin Business Assistance Revolving Loan Program Fund Interest on outstanding debt and earnings on OBARLP account will be made available for financing staff costs of operating the fund.

The Loan Review Committee recommends that a loan contract be considered in default and the balance may be called if regularly agreed upon monthly payment of interest and/or principal becomes more than thirty (30) days past due; proper notice will consist of written communication calling for the balance or any other action necessary to collect payment before the twentieth (20th) day after due date.

The loan agreement will require that the borrower provide the OCIC Loan Review Committee financial reports on a quarterly and year-end basis.

Any loan made under this program will be called if the business or project activities move from the City. Language to this effect will be included in the note and development agreement.

The full membership of the Oberlin Community Improvement Corporation (OCIC) shall review the OBARLP program and its effectiveness in meeting its stated goals and objectives on an annual basis. The OCIC shall make changes and amendments to the OBARLP as needed to keep it reflective of changes in the Oberlin area business economy and/or state or federal guidelines.

**OBERLIN BUSINESS ASSISTANCE REVOLVING LOAN PROGRAM
(OBARLP) APPLICATION**

1. APPLICANT COMPANY

Name of Company

Address

City State Zip

Contact Person Title

Telephone

2. PRINCIPAL OFFICERS

Name and Title

% Ownership SS#

Name and Title

% Ownership SS#

3. INFORMATION ON BUSINESS

Type of Business

Principal Product/Service

Date Established SIC Code (If known)

4. DESCRIPTION OF PROPOSED PROJECT

Location

Address

If relocation, from where

Describe Project:

5. TYPE OF PROJECT (Check One)

- _____ Retention
- _____ Expansion
- _____ Start lip

6. JOB DEFINITION

- _____ # Existing
- _____ # New
- _____ # Retained
- _____ # Total LMI
- _____ % LMI

ATTACH ADDITIONAL INFORMATION IF NEEDED.

7. PROJECT COST/USE OF FUNDS

	TOTAL	OBARLP	EQUITY	PRIVATE LENDER	OTHER
Acquire Land					
Acquire Building					
Construction/Renovation					
Machinery/Equipment					
Furniture/Fixtures					
Leasehold Improvements					
Contingencies					
Working Capital					
TOTAL COST					

8. FINANCING/COLLATERAL (Identify all sources)

<u>Lender</u>	<u>Term</u>	<u>Rate</u>	<u>Collateral</u>	<u>Amount</u>	<u>Annual D/S</u>

9. LOAN REQUEST

OBARLP REQUEST \$ _____

PLEASE IDENTIFY NEED FOR OBARIP FUNDS (CHECK ONE)

- _____ Insufficient Equity.
- _____ Lender unable to commit more funds to project.
- _____ Unable to pay market rates.
- _____ Insufficient rate of return for business.

10. TIMEFRAME (Month/Year)

_____ Project Start-Up

_____ Construction Complete

_____ Project Complete

_____ Job Creation Start

_____ Job Creation Complete

11. CREDIT REFERENCES

Name	Street, City, State	Account #
Name	Street, City, State	Account #
Name	Street, City, State	Account #
Name	Street, City, State	Account #

12. JOB OPPORTUNITIES CERTIFICATION

The primary objective of the Community Development Block Grant program, from which these loan funds originate, is to retain and create job opportunities for low arid moderate income persons, and also to meet the overall economic development needs of the City of Oberlin.

The duly authorized officers of the applicant company understand that documentation verifying the income of the applicants for employment and those hired as a result of the completion of the project for which these loans proceeds will be used, is a condition of this loan. Job Verification forms and/or other record keeping forms will be provided by the OCIC at closing. It is further understood that applicants for position created will be notified that because of the source of the funds financial information not normally requested will be necessary.

_____ Company Name	_____ Date
_____ Signature	_____ Type Name and Title
_____ Attest Signature	_____ Type Name and Title

The following table must be completed to demonstrate the types of jobs currently at the applicant company, and the types of jobs that will be created as a result of the project funded, in part, by the OBARLP loan.

**CURRENT AND PROJECTED JOB OPPORTUNITIES TABLE
OBERLIN BUSINESS ASSISTANCE REVOLVING LOAN FUND PROGRAM**

Company Name: _____

* For the purposes of this form, the following are considered minority persons: Black (not Hispanic), Hispanic, Asian or Pacific Islander, American Indian or Alaskan Native.

Job Categories	EXISTING JOBS						PROJECTED JOBS						Approx. Hiring Date
	All Employees			Minorities			All Employees			Minorities			
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	
Officials & Manager													
Professionals													
Technicians													
Sales Workers													
Office & Clerical													
Craftsman (skilled)													
Operators (semi-skilled)													
Laborers (unskilled)													
Service Workers and Other													
Other													
Totals													

Training

Are training programs used or planned? _____ Yes _____ No

If yes, please describe the type of training:

13. SPECIAL CERTIFICATION

The Undersigned Certifies that:

It will comply with the flood insurance purchase requirements of Section 102 (a) of the Flood Disaster Protection Act of 1973. P.L. 93-234, 87 Stat. 975. Approved 12-31-73.

It will comply with the provisions of Executive order 11296, relating to evaluation of flood hazards and Executive Order 11288, relating to the prevention, control and abatement of water pollution.

It will require every building or facility designed, constructed or altered with funds from this program to comply with the "American Standard Specifications for Making Buildings and Facilities Accessible to, and useable by, the Physical Handicapped." Number A-117 .1-R 1972, subject to the exceptions contained in 41 CFR 101-10 .604.

It will require every building or facility constructed or altered with funds from this program to meet the labor standards and prevailing wage schedules of the Davis-Bacon Act, (46 USC. 276a), as amended.

It will give the Oberlin Business Assistance Revolving loan Program Fund1 through any authorized representatives, access to and the right to examine all records, books, papers or documents related to the loan.

The undersigned, duly authorized officers of the applicant company, hereby certify that the statements made in the following application and in all exhibits, financial statements and other documents submitted in conjunction with this application are true and correct to the best knowledge and belief of the undersigned, and are submitted as a basis for the loan.

Company Name

Date

Signature

Type Name and Title

Attest Signature

Type Name and Title

14. CIVIL RIGHTS CERTIFICATION

The Undersigned Certifies that:

It is an applicant for financial assistance from the Oberlin Business Assistance Revolving Loan Program.

It will comply with Title VI of the Civil Rights Act of 1964 (P.L. 88-352), and the regulations issued pursuant (34 CFR Part 1), which provide no person in the United States shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefit of, or be otherwise subjected to discrimination under any program or activity for which the applicant receives Federal financial assistance and that it will immediately take any measure necessary to effectuate this assurance.

It will further comply with Executive Order 11246, as amended by Executive Orders 11375 and 12086 and the regulations issued pursuant (24 CFR Part 130 and 41 CFR Chapter 60). Which provide that no person shall be discriminated against on the basis of race, color, religion, sex, or national origin in all phases of employment during the performance of Federally-assisted construction contracts. Contractors and Subcontractors on Federally-assisted construction contracts shall take affirmative *action* to ensure fair treatment in employment, upgrading, demotion or transfer, recruitment advertising, layoff or termination, rates of pay or other forms of compensation and selection for training and apprenticeship.

The undersigned, duly authorized officers of the Applicant company, hereby certify that the statements made in the following application and in all exhibits, financial statements and other documents submitted in conjunction with this application are true and correct to the best knowledge and belief of the undersigned, and are submitted as a basis for the loan.

Company Name

Date

Signature

Type Name and Title

Attest Signature

Type Name and Title

15. AGREEMENTS AND CERTIFICATION

Agreement of Non-employment of OBARLP Personnel: I/We agree that if this loan is approved, I/We will not, for at least two (2) years, hire as an employee or consultant anyone that was employed by the OBARLP during the one (1) year period to the disbursement of the loan.

I/We certify that all information in this application and in the exhibits is true and complete to the best of my/our knowledge and is submitted to ORARLP so OBARLP can decide whether to grant the loan.

I/We give the assurance that I/We will comply with Sections 112 and 113 of Volume 13 of the Code of Federal Regulations. These code sections prohibit discrimination on the grounds of race, color, sex, religion, marital status, handicap, age, or national origin by any recipients of federal finance assistance and require appropriate reports and access to books and records. These requirements are applicable to anyone who buys or takes control of the business. I/We realize that if I/We do not comply with these non-discrimination requirements, OBARLP can call, terminate, or accelerate repayment of the loan.

Authority to Collect Personal Information: This information is provided pursuant to Public Law 93-579 (Privacy Act of 1974). Effect of Non-disclosure: Omission of item means your application might not receive full consideration.

I/We authorize disclosure of all. Information submitted in connection with this application to the financial institution agreeing to participate in the loan.

As consideration for any management and technical assistance that may be provided, I/We waive all claims against OBARLP - and its consultants or staff.

Signature of Preparer If Other than Applicant

Typed Name of Preparer Address of Preparer

If Applicant is a Proprietor or General Partner, Sign Below:

Signature

Type Name and Title

If Applicant is a Corporation. Sign Below:

Corporate Seal:

Date:

Signature of President

Type Name and Title

Signature of Corporate Sec.

Type Name and Title

16. SUBMISSION ACKNOWLEDGEMENTS

As an authorized agent of the applicant Company. I hereby submit this Oberlin Business Assistance Revolving Loan Program Application. I understand that any false statement in this application may subject this Applicant Company and signer to criminal prosecution. I also understand that this is not a formal application for financial assistance. When a formal application is filed. I understand that additional information will be requested.

Signature

Date

Type Name and Title

PLEASE ATTACH THE FOLLOWING TO THIS APPLICATION FORM.

- 1) Personal Financial Statement (include most recent federal tax return for each stockholder with greater than 20% ownership, partner, officer, and owner). Additional information may be requested if a personal guarantee is required.
- 2) Financial Statements:
 - * Balance *Sheet* and Profit and Loss Statement for past two (2) years.
 - * Interim Financial Statements not less than sixty (60) days old.
 - * A one-year Projection of Earnings must also be provided. If financials are not available, explain why, and substitute appropriate Federal Tax Forms, either. Form 1040. Schedule C. (Proprietorship); Form 1065 (Partnership) Of Form 1120 (Corporations).
 - * Cash flow statements for past year, projected statements for the current year and for the next five (5) years.
- 3) Please complete a list which contains the original date and amount present that balance owed, interest rate, monthly payment, maturity and security of each loan or debt that your business currently has. Indicate if the loan is current or delinquent.
- 4) Please provide a brief history of your company and a paragraph describing the expected benefits it will receive from the loan.
- 5) A list of arty co-signers and/or guarantors for this loan. Include name. Address and personal financial statements.
- 6) If machinery and/or equipment is being purchased. Include a list of the equipment and cost estimates.
- 7) If you, your company, or any of its officers, ever been involved in any bankruptcy or insolvency proceedings; or if any lawsuits pending against you, your company, or any of its officers exist; please provide details.
- 8) A commitment letter from any private (conventional) lender participating in this project. This commitment must include the amount to be loaned, the term, the interest rate, the collateral securing the loan, and any special condition of the commitment.
- 9) If your business is a franchise, please include a copy of the franchise agreement.