

City Loan Review Committee – Guidelines

1. Eligible loan applicants are new or existing businesses located within the city of Rice.
2. Applicants must be in compliance with local government zoning codes as well as all other local, state, and federal laws applicable to them.
3. Job creation is a priority of the program. Loans in excess of \$25,000 need to comply with the State of Minnesota's Guidelines for job creation.
4. The impact which the applicant's investment has upon the community will be a consideration of funding. (i.e. tax base, business retention, new service, capital improvements, etc.)
5. Borrowers may use the funds for fixed assets purchases or working capital. Interest rates for working capital may be higher, depending on collateral.
6. The Rice Loan may provide up to 45% of the total project cost and not to exceed \$100,000.
7. A financial institution must be involved in the development project.
8. Loan terms are structured based on the size of the loan and the assets being financed, in no case shall the loan extend over a period of seven (7) years.
9. The city requires full collateral coverage on loans. Second security or subsequent interests positions are accepted as warranted.
10. Personal Guarantees are required from the borrowers.
11. Interest rates are fixed and will be below the participating banks interest rate. Each project is evaluated separately on collateral, nature of the risk and length of loan. Periodic reviews of the rates are conducted to ensure the City's economic development fund and program objectives are being met
12. Applicants must complete the loan application and provide all requested supporting documentation to the City Loan Review Committee no later than (1) week prior to the review meeting. The Loan Review Committee will make a recommendation to the Economic Development Committee who will then make a recommendation to the City Council for final approval.
13. Borrowers will be responsible to pay a non-refundable \$45.00 application fee, a 1% origination fee at loan closing and all legal and recording costs incurred by the originator.

City of Rice RLF Application

Name of Business _____
Business Address _____
Business Phone _____

| Principles | Address | Phone | Social Security # |
|------------|---------|-------|-------------------|
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |

Type of Business: Sole Proprietorship _____ Corporation _____ Partnership _____

Date Established: _____ New Business _____ Business Expansion _____

Participating Bank: _____
Address: _____ Phone: _____
Contact Person: _____

Participating Lender: _____
Address: _____ Phone: _____
Contact Person: _____

Legal Counsel: _____
Address: _____ Phone: _____
Contact Person: _____

Accountant: _____
Address: _____ Phone: _____
Contact Person: _____

To be signed by the applicant:
I declare that the information provided in this application is true and to the best of my knowledge is correct. I understand that the City of Rice has the right to verify this information and will be in contact with those individuals and institutions involved in this proposed project as well as credit references. False information, in addition to disqualifying me from any further considerations and financial assistance, may also subject me to litigation or recover the City's expenses related to reviewing this application and/or the costs to collect any loan balances. In addition, I understand that the City of Rice may release information for public relations purposes regarding the project, excluding any confidential financial information.

By: _____ Date: _____

Source and Use Statement

Source and Use of Funds

| Purposes for which funds are to be used | Rice RLF | Banks | Equity | Other (specify) | Other (specify) | Other (specify) | Total |
|---|----------|-------|--------|-----------------|-----------------|-----------------|-------|
| Property Acquisition | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Site Improvement | | | | | | | |
| Building Renovation | | | | | | | |
| New Construction | | | | | | | |
| Machinery & Equipment | | | | | | | |
| Working Capital | | | | | | | |
| Inventory | | | | | | | |
| Debt Financing | N/A | | | | | | |
| Other (specify) | | | | | | | |
| Other (specify) | | | | | | | |
| TOTAL | | | | | | | |

Project Cost and Request Summary

| | Rice RLF | Bank | Equity | Other | Other | Other | Total |
|-------------------|----------|------|--------|-------|-------|-------|-------|
| Amount | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| % of Project Cost | % | % | % | % | % | % | % |
| Term (years)* | | | | | | | |
| Amortization | | | | | | | |
| Interest Rate | | | | | | | |
| Debt Service | | | | | | | |
| Lien Position | | | | | | | |
| Collateral | | | | | | | |
| Guarantee | | | | | | | |

Job Creation

Projected job generation within a two-year time frame as a result of this loan:

Existing Jobs _____ + Jobs Created _____ = Total _____

Provide the following information on the jobs that you expect to create and/or retain due to the Loan from the City of Rice Loan Program.

Jobs to be Created or Retained

| Job Title | # of Jobs | Hourly Wages | Annual Salary | Perm or Temp Jobs | Full or Part Time | Expected Hiring Date |
|-----------|-----------|--------------|---------------|-------------------|-------------------|----------------------|
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |

Job Creation Timetable: Indicate in the following table the quarter following receipt of loan funds when jobs will be added to the firm.

| Job Title (From previous table) | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | Qtr 5 | Qtr 6 | Qtr 7 | Qtr 8 |
|------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |

Assurance of Benefit to Low-Income Persons: The loan applicant agrees to:

- 1) a commitment that it will create the new jobs identified above within two years after the loan is made and retain those jobs for at least 3 years after the loan is made:
- 2) a commitment that it will make available the positions for low-income persons by documenting that the following steps were or will be taken:
 - i) the skill level of the jobs available meets that of general low-income population;
 - ii) the education and experience required meets that of the low-income population;
 - iii) the training provided by the employer, if training is needed, will make the jobs available to the low income population.
 - iv) that advertising, recruitment, and other outreach efforts are made; and that they will provide documentation that they have contacted and involved the low income population by notifying the Workforce Center at 320-654-5320
 - v) provide information, as requested, to the City documenting the creation or retention of jobs.

Attachments

A business shall submit a written application containing at a minimum the following information to the City Loan Review Committee no later than (1) week prior to the review meeting:

- A. Name and address of the business
- B. Names, addresses, and resumes of the owners or primary stockholders.
- C. A brief history of the business detailing the period from the date of its inception to present.
- D. Market Analysis and Strategy
- E. A brief statement setting forth the principal products or service of the business.
- F. Financial Documents
 - Monthly cash flow analysis for the next 12 months
 - Three years of the business financial statements
 - i. Profit and loss statements
 - ii. Balance sheets
 - iii. Current statement (less than 90 days old)
 - Three years of projected financial statements
 - i. Profit and loss statements
 - ii. Balance sheets
 - A personal financial statement
- G. A detailed synopsis of the intended use of the funds setting forth the total amount required, amount of capital being requested from the city. See the Source and Use form provided.
- H. Anticipated impact on job creation. See job creation form.
- I. Appraisals/Proposed Lease/Purchase Agreements
- J. Corporate/Partnership Authorization
- K. Other documents as requested.
- L. Loans over 5,000 must provide
 - last year's business income tax statement
 - Last year's personal income tax statement
 - Evidence of payroll tax payment
 - Evidence of Workers Compensation Insurance
 - Verification of that no outstanding judgment or tax liens exist

Following the decision to enter a loan agreement, the city attorney will prepare the loan. The applicant, as part of said agreement, must agree to report quarterly on its job creation progress. This information must include:

- Jobs created by quarter
- Rate of pay and job title per job
- Date employee(s) hired
- Jobs created to date (cumulative total)
- Any layoffs by quarter.

To be signed by the Applicant:

I certify the information and statements contained herein or attached hereto are a true and accurate statement of the financial condition of the business and its principals. I also certify that the business is current on all its federal and state taxes. I have willfully furnished this confidential information to the City of Rice for the purpose of applying for a loan. I understand that this information will be reviewed by the city staff and the Rice Loan Review Committee.

Signature

Date