

## CMV GROWTH DEVELOPMENT FUND LOAN APPLICATION

### A Revolving Loan Fund Providing Affordable and Flexible Gap Financing for Businesses in Crawford, Monroe, and Vernon Counties

**Why was the CMV Growth Development Fund Created?** The Mississippi River Regional Planning Commission and CMV Growth Development Fund was originally formed to provide loans to businesses within Crawford, Monroe and Vernon Counties to assist in long term economic recovery from the Flood of 1993. As those loans were repaid they again were loaned to other businesses in the three county area thus creating a self-perpetuating revolving loan fund - RLF.

The original funding came from the U.S. Department of Commerce-Economic Development Administration grant in the amount of \$146,400. This was paired with a local match of \$26,000 capitalizing the CMV Fund at \$172,400.

**What are the goals of the fund?** The economic development goals of the Fund are: 1) To provide affordable and flexible gap financing to businesses that leverage additional private investment and lending; 2) To help businesses retain and expand their operations; 3) To help create and retain jobs, and; 4) To increase personal income levels.

**How will this fund achieve its goal?** The goals will be achieved by providing affordable and flexible loan terms to businesses that will serve as an incentive to lending institutions to participate in a business deal to a greater extent than they would under normal circumstances. In all instances the CMV loan will be in conjunction with a larger share of private financing or other business investment sources.

**Why is the fund needed?** Small businesses create the most jobs, but suffer from a shortage of long term financing. Eighty percent of the new jobs in the Nation and the great majority of jobs in western Wisconsin are created by businesses employing less than 100 people.

Ironically those businesses that create the most jobs are the least able to obtain reasonable financing for job creating business expansions. Because of the shortage of long-term financing, small businesses are frequently unable to undertake expansions to the extent desired.

**How is the fund managed?** The CMV Growth Development Fund is a private nonprofit corporation; made up of officials representing local governments, utility companies, financial institutions, and the MRRPC. The Mississippi River Regional Planning Commission is the Grantee and is responsible for administering and providing compliance review services for the Fund's Board of Directors.

#### **Are There Any Federal Requirements?**

Loan recipients are required to adhere to several federal regulations such as National Environmental Policy Act, Civil Rights Act, Davis Bacon Act, Flood Disaster Protection Act, and National Historic Preservation Act. A certificate of non-relocation is also required. The MRRPC staff serving as the RLF administrator will inform the borrower of the above and any other Federal regulations they are required to adhere to in order to secure a loan.

**Is There an Application Fee?** A \$100.00 processing fee shall be paid with the submission of each RLF application. An additional fee of \$200.00 shall be paid at the time of closing to cover additional administrative expenses and future reporting and monitoring costs associated with the loan. For micro loans there is a \$30.00 application fee with an additional 5% of the total loan (*not to exceed \$350.00*) if the loan goes to closing. Each of these two fees shall be made payable to the Mississippi River Regional Planning Commission.

**Who to contact for additional information?** Mississippi River Regional Planning Commission, 1707 Main Street, Suite 435, La Crosse, WI 56401, Telephone: (608) 785-9396, Fax: (608) 785-9394, Website: [www.mrrpc.com](http://www.mrrpc.com)

#### **What Standards and Loan Criteria Will the Fund Use?**

- **Loan Sizes** - in the \$7,000-\$85,000 range are preferred. The maximum loan to a single borrower is \$100,000. Micro loans below \$7,000 may also be considered.
- **Job Creation** - a minimum of one job created or retained for every \$12,000 of RLF financing. The RLF Loan Board may adjust this up to one job for every \$20,000 if they feel the economic benefits of a proposed loan merit such an adjustment.
- **Loan Ratio** - for purpose and protection of the RLF loan portfolio, \$2 of private financing to every \$1 of RLF financing is required.
- **Participating Lender** - Lending from this loan fund is always in conjunction with a sponsoring senior lender or investor. To apply for a CMV loan a business must secure private financing. A senior lender will also be required to appear at the CMV Loan Board meeting with the business to answer questions and help service the CMV loan.
- **Equity** - each project will require a minimum of 10% equity of total project cost.
- **Uses of Funds** - Real estate, working capital, and equipment and machinery all are eligible financing uses. Adequate collateral and security requirements will be sought on all RLF loans. The RLF may take a subordinated position behind a senior lender.
- **Refinancing of Existing Debt** - refinancing of existing debt may be considered if a business can satisfactorily demonstrate such refinancing is necessary to stay in operation and loss of jobs is a likely consequence if more favorable financing terms are not secured.
- **Loan Terms** - land and buildings 10-15 years, equipment and machinery expected life, and working capital up to seven years. Balloon payments and a transition to private financing after an agreed upon timetable are likely to be part of a loan.
- **Interest Rates** - Typically 4-6% based on need and economic conditions.
- **Deferred Payments** - deferment of initial loan payment may be allowed.

**CMV Growth Development Fund Revolving Loan Fund Application:** Prior to completing a loan application, contact the Mississippi River Regional Planning Commission (MRRPC) at (608) 785-9396 to see about the amount of loan funds available. Each applicant for a loan shall provide the following information to the Mississippi River Regional Planning Commission. The following information in its entirety makes up a complete application.

- 1) **Business Name**
- 2) **Business Address**
- 3) **Telephone**
- 4) **Contact Person**
- 5) **Contact Person Telephone**
- 6) **Type of Business (Sole Proprietorship, Partnership, Corporation)**
- 7) **Date Business Established**
- 8) **NAICS Code**
- 9) **Employer's Federal Identification Number**
- 10) **Employer's State Identification Number**
- 11) **Owner(s) Information:** Names, percentage of business owned, home address(s) and telephone number(s)
- 12) **Professional Services/References**—the following is needed: **Bank Name**, Address, Contact Person, and Telephone; **Attorney Name**, Address, and Telephone; **Accountant Name**, Address, and Telephone
- 13) **Business Plan** (see business plan outline, right)
- 14) **Signed personal financial statements** dated as part of application for any person who owns 20% or more interest in the business
- 15) **Federal tax returns** filed by the business for the previous three years, if the applicant is a sole proprietorship, partnership, or corporation that does not have audited financial statements
- 16) **Key person insurance or property insurance**, which may be available or has been obtained to secure the loan
- 17) **Information concerning any pending or threatened litigation** or administrative proceeding, any outstanding administration orders, judgments or injunctions or involvement in any bankruptcy
- 18) **Certification of business compliance** with all federal, state, county, and municipal laws affecting the conduct of business within the CMV service area.
- 19) **Statements and reasons from the lending institution(s)** that the RLF loan will not be substituting for commercial lending is required
- 20) **Statement concerning the source of equity for the project**, and how it will be obtained and appraised
- 21) **A job creation commitment letter** from the business stating its understanding that failure to meet this commitment will result in an interest rate increase on the RLF loan or the complete recall of the RLF loan. And a statement from the business that no person will be discriminated against on the basis of race, color, national origin, religion, age, handicap, or sex when being considered for employment
- 22) **Copy of your last commitment letter from your bank** indicating your working capital line of credit
- 23) **Commitment letter from your bank** regarding any financing the bank will provide for this project
- 24) **Copy of lending institution(s) loan board report** on their portion of the financing
- 25) **Statements by lending institution(s)** that they understand the RLF reporting requirements and are authorized to enter into a loan servicing contract with the RLF at time of closing
- 26) **Any environmental questionnaires, reviews, or audits** conducted by the applicant, lending institutions, or their agents shall be provided
- 27) **A statement from the business certifying that it will not relocate out of the County** it resides in during the term of the RLF loan and that in the event of a relocation outside of the County it will immediately prepay the RLF loan. In addition the applicant must sign EDA's certificate of Non Relocation
- 28) **Signature of Declaration from Business owners** declaring that any statements in the application and in its required attachments, or information provided is true and complete in substance and fact
- 29) **Complete Employment and Financing Data Form**

#### Business Plan Outline

- **Executive Summary** should include: Name and location of business; brief discussion of product, market and competition; expertise of management team; summary of financial projections; amount of financial assistance requested and proposed purpose; and business goals and reasons for undertaking the project.
- **Description of Company:** Date and state of incorporation or formation, history of company, background of the principals and their roles.
- **Market Analysis:** Description of current industry and industry trends, description of the total market and its participants, discussion of the target market and the competition.
- **Description of the Product or Service:** List of patents, copyrights, licenses or proprietary interests; discussion of technical and legal considerations; comparisons to competitors' products or services; description of current and future research and development.
- **Marketing Strategy:** Over strategy; pricing policy and sale terms; method of selling, distributing and servicing; current and estimated sales and market share; advertising, public relations, and promotion.
- **Management Plan:** Form of business organization, composition of board of directors, officers organization chart and responsibilities, resumes of key personnel and listing by key advisors.
- **Operating Plan:** Schedule of upcoming work and key completion dates for next two years, planned facilities or capital improvements for next three years, staffing plan.
- **Financial Data:** Funding request indicating the desired financing, capitalization, use of funds, and future financing; year-end financial statements (balance sheet, income statement, and cash flow statement, for the past three years); current interim financial statements; pro forma cash flow projections, including the proposed financing, for two years; projected balance sheets, income statement, and statement of changes in financial position, including the proposed financing, for two years; description of all assumptions behind the financial projections.

**CMV GROWTH DEVELOPMENT FUND LOAN APPLICATION - EMPLOYMENT AND FINANCING DATA FORM**

CURRENT AND PROJECTED EMPLOYMENT						
			Employment Projections			
Type of Employment	Existing Jobs		First Year		Second Year	
Professional/Mgr/Technical	FT	PT	FT	PT	FT	PT
Skilled	FT	PT	FT	PT	FT	PT
Unskilled/Semi-Skilled	FT	PT	FT	PT	FT	PT
TOTALS	FT	PT	FT	PT	FT	PT
SOURCES & USES OF FUNDS:	RLF	Bank	Equity	[ ]	[ ]	Total
Acquire Land	\$	\$	\$	\$	\$	\$
Acquire Building	\$	\$	\$	\$	\$	\$
Improve/Renovate Building	\$	\$	\$	\$	\$	\$
Purchase Equipment/Machinery	\$	\$	\$	\$	\$	\$
Inventory	\$	\$	\$	\$	\$	\$
Working Capital	\$	\$	\$	\$	\$	\$
Other _____	\$	\$	\$	\$	\$	\$
Other _____	\$	\$	\$	\$	\$	\$
Other _____	\$	\$	\$	\$	\$	\$
TOTALS	\$	\$	\$	\$	\$	\$
PROJECT SUMMARY:	RLF	Bank	[ ]	[ ]		
Loan Amount	\$	\$	\$	\$	\$	\$
Loan Term (Years)						
Loan Interest Rate	%	%	%	%	%	%
Annual Debt Service	\$	\$	\$	\$	\$	\$
Type of Collateral						
Security Position						
Type of Guarantee						