

PANHANDLE AREA DEVELOPMENT DISTRICT
 REQUEST FOR FINANCIAL ASSISTANCE

Date: _____

Fund Requested:
 IRP___ EDLF___

| | | | |
|------------------------------------|--|--|--|
| Business Information: | | Business Description: | |
| Name: | | In Business Since: | |
| Address: | | Type of Business (Retail, Manufacturing, etc): | |
| Phone: | | Number of Employees: | |
| Business Website: | | Full Time: | |
| Email: | | Part Time: | |
| DBA (if used): | | Federal Tax ID#: | |
| Loan Information: | | | |
| Amount Requested | | Security Offered: | |
| Term Requested: | | Do you agree to implement your project within the Guidelines of federal regulations: | |
| Current Bank: | | Status of Bank Loan(s): | |
| Address: | | Bank Officer: | |
| Phone : | | County of Business Location: | |
| City/Village of Business Location: | | | |

Business Owner Information
 (Use additional pages if necessary)

| | | | |
|-----------------------|--|-----------------------|--|
| Legal Name | | Legal Name: | |
| Personal Address: | | Personal Address: | |
| Phone #: | | Phone #: | |
| Social Security #: | | Social Security #: | |
| Email Address: | | Email Address | |
| Percent of Ownership: | | Percent of Ownership: | |

For Statistical Purposes Only:

| | | | |
|---------------------------|--|---------------------------|--|
| Are you a Minority? | | Are you a Minority? | |
| Do you have a Disability? | | Do you have a Disability? | |
| Are you female? | | Are you female? | |

(In answering the following questions additional pages may be used if necessary)

Project Description:

Proposed Sources and Uses of All Project Funds (Indicate if funds have been committed and if so terms associated with those funds):

Employment Information:

Explain the number, type, projected start dates and wage level(s) of jobs to be created or retained because of the project.

Please circle your response to the following questions. If the answer is yes, please explain. (Use additional pages if necessary):

| | | |
|--|-----|----|
| Does the business or its principals have patent protection, copyrights, or trademark protection on any portion of the products, services, or intellectual property associated with this project? | Yes | No |
| Have you ever been turned down for a business loan? | Yes | No |
| Have you ever declared bankruptcy? | Yes | No |
| Are there any judgments or pending lawsuits against the business, or any of its principals? | Yes | No |
| Are any current business loans delinquent? | Yes | No |
| Are you or will you be doing any major business with any Panhandle Area Development District staff or board members? | Yes | No |

General Program Information:

- PADD Economic Development Loan Fund will grant the following types of Business Loans
 - 1) Equipment Loans
 - 2) Inventory Loans
 - 3) Vehicle Loans
 - 4) Real Estate Loans
 - 5) Small Working Capital Loans (Less than \$ 100,000)
 - 6) Governmental infrastructure and buildings
- Borrowers will be required to insure all property related to the project. Key-man life insurance may also be required.
- All PADD lending programs require the creation or retention of jobs. Applicants must be prepared to create/retain new full-time employment.
- Use of PADD lending programs require adherence to federal and state rules and regulations.
- PADD's program recommends a minimum owner equity injection of 10% of the total project cost for projects including expansion of an existing business (existing for at least 3 years). An equity injection of 20% is recommended if the project is a new business.
- PADD's loan funds may not be used to refinance existing debt. Generally these funds may only be used for real estate, equipment, inventory or working capital purposes.
- If in a subordinated lien position, the maximum loan amount provided by the PADD loan fund is \$150,000 or 25% of the total project, **whichever is less**. If direct lending, the total amount of business loans to any one borrower shall not exceed 75% of total projects costs or \$150,000 **whichever is less**.
- A complete business plan must be provided to PADD when applying for the loan program.

These types of loans will be made expressly for the purpose of job creation, job retention, and new business creation. Preference will be given to those loans that create the greatest economic and development impact with regard to the number of jobs created and the wages and benefits paid for those jobs. The Loan Committee and/or the Board of Directors may wish to alter the types of loans granted to increase the likelihood that the purposes of the loan fund are met.

The PADD EDLF generally will be working with private lending organizations (commercial banks) in the granting of loans and may be in a secondary (subordinated) collateral position to the private lender. The PADD EDLF will also grant loans directly to borrowers for economic development purposes.

If in a subordinated lien position, your bank must be committed to the project at the time your application is presented to the PADD Loan Committee. In this position, the PADD Loan Fund will take a secondary security interest in the same business assets that the bank is using as collateral. PADD will work with your bank during

the term of the PADD loan. You should be aware that any information you give to PADD will be shared with the bank and vice versa.

General Underwriting:

The following documentation is expected to be provided by a business borrower to the lending institution (in the case of the PADD EDLF being requested to take a secondary lien position in a financing package or loan participation) or directly to PADD in the case where the loan is made directly.

- 1) The owner(s) of the business will provide a Personal financial statement.
- 2) The owner(s) of the business will provide a personal resume'.
- 3) Business financial statements for at least the past 3 years for an existing business, with interim statements dated within the past 90 days if year-end numbers are more than 90 days old, will be provided.
- 4) A credit bureau report will be required for sole proprietorship businesses and credit references will be required for other types of businesses. (Copies of these reports may be obtained from the private lender involved in the project).
- 5) Financial Pro Forma projections for at least 3 years for a new business will be provided.
- 6) Projections for at least 1 year for an existing business will be provided. If the loan request is for a term loan, projections to support the repayment of the loan will be provided.
- 7) Business history or business plan for a new business will be provided.
- 8) An aging of accounts receivable and accounts payable for an existing business will be provided.
- 9) A schedule of long-term debt maturities for an existing business will be provided.
- 10) A cash flow analysis will be either performed by the PADD Loan Specialist or obtained from the private lender to ascertain the ability of the business to repay the loan(s) granted. A format for performing the analysis is attached to this loan policy as Attachment A.
- 11) A schedule of collateral including serial numbers will be provided.
- 12) Collateral Margins for Business Loans will be determined in conjunction with the private lender involved in the project. As a secondary lender PADD EDLF may not be in a fully collateralized position and is not expected to be. PADD EDLF's collateral position will be subordinated to the primary lender involved in the loan and, as such, PADD Economic Development Loan Fund's collateral position may not adequately cover the funds loaned to the borrower. If the PADD EDLF loans funds directly to the borrower collateral margins will be determined by the Loan Review Committee in conjunction with the PADD Loan Specialist prior to the loan being granted.
- 13) Business Loans will NOT be made for the following:
 - Leasehold Improvements unless the PADD loan fund or a financial partner (such as the lending bank or a participating lender) holds a mortgage or trust deed on the real estate where the improvements will be made
 - Speculative Purposes
- 14) Lending Limits for Business Loans will be determined from time to time by the Loan Committee and the Loan Fund Board of Directors.
- 15) Personal Guarantees may be required

Fees, Terms, and Interest Rates effective September 1, 2003 and until further notice:

Fees:

An origination fee of 1% of the total loan amount will be charged to all borrowers

Terms:

Loans generally will be amortized over a period not to exceed 5 years for vehicles, 10 years for equipment, inventory, or working capital and 15 years for real estate.

Interest Rates:

They must be reasonable and prudent and must be within the limits established by PADD Economic Development Loan Fund. Typically between 4% and 6.5% never to be less than 0% or greater than 10%.

All loan requests are presented to the Loan Review Committee. The committee will make recommendations to the full PADD Board of Directors for approval. This process may take up to 4 weeks due to the timing of meetings. Please plan accordingly.

A loan request will be deemed complete if accompanied by a business plan, current and historical financial information on the business (all information described in the General Underwriting section), and if PADD is in a subordinate position a request for assistance from the business's bank and/or an economic development entity in the Panhandle Area Development District's service area. Once an application is 'complete' it will be presented to the loan review committee.

I understand that completion and submission of this form is in no way a guarantee of funding. Everything that I have stated in this application is true, accurate and complete to the best of my knowledge. I understand that the Panhandle Area Development District will retain this application whether or not it is approved. The Panhandle Area Development District is authorized to verify any information provided in conjunction with this application. The Panhandle Area Development District is authorized to check all of the business owners' credit and employment history and to answer questions about its credit experience with all of the business owners. PADD is also authorized to inquire about my performance with my bank or other banks the business has used.

Authorized Signature

Title

Date

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided that the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income is derived from any public assistance program; or because the applicant has in good faith exercised any right under the consumer credit protection act.

