

# Instructions for Revolving Loan Fund Applications

The following instructions will aid applicants in completing the Revolving Loan Fund application. Applications may be submitted electronically (by email) or in hard copy with signed originals.

Applications should be submitted to:

Benzie County EDC  
c/o Traverse City Area Chamber of Commerce  
202 E. Grandview Parkway  
Traverse City, MI 49684

## General Information

The Revolving Loan Fund is part of a federal program that requires job creation and low to moderate income beneficiaries. Eligible jobs must be new positions at your company. State guidelines for this program allow an applicant to borrow up to \$35,000 per created position. A form will be provided to you after approval of your loan to help you gather the required income information from your new employees.

In addition to job creation requirements, the State also requires a personal guarantee from all the owners of the company. The application will not be approved at the State level unless all owners provide a personal guarantee for the full amount of the loan.

## Process Information

Once your application has been submitted, the Benzie County EDC Board of Directors (EDC Board). The EDC Board meets in the Commissioners Chambers on the first floor of the Governmental Center. You will be notified of the date of the next EDC Board meeting. At the EDC Board meeting, a public hearing related to your application will be held per federal regulations. ***A notice of public hearing will be run in the Record Patriot up to ten (10) days prior to the EDC Board meeting. The notice will include your company information, the requested loan amount and the purpose of the loan.*** Once the public hearing has been held, the EDC Board will act on the application. Once approved by the EDC Board the necessary paperwork will be completed and submitted to the Michigan Economic Development Corporation for final approval. Once approval is received from the MEDC, a loan closing will be scheduled. Please note: this is a lengthy and involved process. We estimate a 90 day period from approval from the EDC Board to closing.

If you have any questions, please feel free to contact the Traverse Bay EDC at (231) 995-7105.

## **INSTRUCTIONS**

### **Section I**

#### General Information

- Organization number – this number is found in your organizational papers.

### **Section II**

#### Loan Request

- Purpose of Loan – Please provide a brief description of the project requiring funding. A detailed sources and uses of funds spreadsheet has been included at the end of the application.

### **Section III**

#### Owner's Investment in Project

- Physical Resources – Please list the company assets pledged to this project. For cash assets please indicate the percentage to come from savings or investors.

### **Section IV**

#### Credit Experience/References – self explanatory

### **Section V**

Market Analysis – If a business plan is submitted with the application this section may be disregarded. Please indicate if your business plan is attached at the top of the section.

- List Existing/Targeted Customers – This is not intended to be a detailed list. For example, if you are an office supply store, your targeted customers could be anyone with a need for office supplies. If you feel uncomfortable sharing your existing customer list publicly, that information will remain confidential at your request.

### **Section VI**

Job Creation – The Revolving Loan Fund is part of a federal program that requires job creation and Low to Moderate Income beneficiaries. A form will be provided to you upon approval of your loan to help you track the necessary information.

- Title of new Position – i.e. CNC Machinist.
- Number to be hired – How many new individuals for this position you intend to hire.
- Full or Part Time – Job creation is counted on a Full Time Equivalency scale. Two part time positions will equal one Full Time position. An individual must work at least 35 hours per week to qualify as full time.
- Wage – Hourly wage this individual will be paid.

### **Section VII**

Financial and Construction Information Required – the information in this section must be submitted with your application if applicable. Please feel free to contact Sarah Racine if you have questions regarding any of the attachments on the list.

## **ATTACHMENTS**

### **Attachment I**

Letter of Commitment from your bank – This letter must be included with your application and address the following:

- The amount your bank has agreed to lend you.
- The terms of the agreement including interest rate, fixed asset vs. revolving line of credit and repayment terms.
- The acceptable uses for these funds – i.e. machinery and equipment vs. working capital.
- If the bank financing is contingent upon approval of the Revolving Loan Fund application and how a negative outcome from the RLF Application would affect the project.
- Why the bank is either unable or unwilling to finance the entire project.

### **Attachment II**

Project Sources and Uses of Funds – An example of how to use this form is attached in this packet of information. The fund totals on this page should match the amount requested on the application as well as the Letter of Commitment from your bank.

### **Attachment III**

RLF Summary Page – This page is designed to pull financial information on your company to an easy to read summary page for our review team. The information requested can be found in your tax returns and financial information.

- The first row is year-to-date information.
- The second row should be information from the previous year for the same period of time as the first row. If you are entering information for January through June on the first row, please enter the previous year's information for January through June.
- Rows three and four are year-end information for the previous two years.

### **Attachments IV – XIII**

Schedule of Collateral – The Benzie County EDC expects to take first position on any equipment purchased with EDC funds, and a second position on all current assets.

**Attachments V – XIII** – self explanatory

**SAMPLE RLF Sources and Uses of Funds**  
COUNTY EDC  
REVOLVING LOAN FUND

1. Applicant: ABC Company			Project Title: ABC Company Funding Request			
3. Project Cost Elements		4. Project Funding Sources (Identify all funding sources)				
Activities	RLF	Bank	ABC Company			TOTAL
<b>EXAMPLE A</b>						
machinery & equipment		\$200,000	\$50,000			\$250,000
working capital	\$150,000					\$150,000
Total for Example A	\$150,000	\$200,000	\$50,000	\$0	\$0	\$400,000
<b>EXAMPLE B</b>						
machinery & equipment	\$100,000	\$150,000	\$25,000			\$275,000
Total for Example B	\$100,000	\$150,000	\$25,000	\$0	\$0	\$275,000
<b>EXAMPLE C</b>						
working capital	\$200,000	\$0	\$50,000			\$250,000
Total for Example C	\$200,000	\$0	\$50,000	\$0	\$0	\$250,000
<b>TOTAL</b>						