



WRIGHT COUNTY ENTERPRISE LOAN FUND

GUIDELINES & APPLICATION

ECONOMIC DEVELOPMENT PARTNERSHIP of WRIGHT COUNTY

PO Box 525
6800 Electric Drive
Rockford, MN 55373
Phone (763) 477-3086

ESTABLISHED in 1993
Revised December 2002
Revised July 2014 (logo update)

INTRODUCTION

The purpose of the Wright County Enterprise Loan Fund is to encourage industrial and commercial development that contributes meaningfully to Wright County's business environment and tax base. Through this program, administered by the Economic Development Partnership of Wright County and participating lending institutions, loans are made to help businesses meet a portion of their financing needs. It is the responsibility of the Economic Development Partnership of Wright County (EDPWC) to assure that all loans comply with Wright County Enterprise Loan Fund policies as defined in this document.

To serve a public purpose, the loan fund shall meet the following three criteria by funding only projects that:

- Retain and/or create new jobs that pay a livable wage as defined within this document in Section II.

- Assist in the expansion of existing operations or the commencement of new operations.

- and

- Require additional equity to receive conventional financing, or other loans or grants.

I. BUSINESS ELIGIBILITY

Eligible businesses include new and existing, credit worthy industrial and commercial enterprises, located or locating within Wright County. Ineligible businesses include retail business, conventional agricultural production, and real estate development. Additionally, no loan will be made for political, religious, or pornographic enterprises.

II. WAGE REQUIREMENTS

The average wage of the jobs created or retained with Enterprise Loan Fund dollars should meet or exceed \$10 per hour, not including benefits.

III. LOAN AMOUNT

- \$20,000 per job created or retained that meets the wages requirements stated in section II.
- Loan amount minimum \$5000; Loan amount maximum \$50,000
- Loan amount not to exceed 50% of current fund balance.
- Loan amount not to exceed 33% of total debt financing.

IV. FINANCING METHOD

PARTICIPATION LOAN

A loan is made to the borrower and the primary lender, who in turn, services the Enterprise Fund loan.

V. USE OF PROCEEDS

- Real property acquisition and development.
- Real property rehabilitation (expansion or improvements).
- Machinery and equipment.
- Working capital.
- Business buyouts, only in circumstances in which such assistance is deemed by the EDPWC as essential to retain an existing Wright County company in the area.

VI. TERMS AND CONDITIONS

- LOAN SIZE Minimum of \$5,000 and maximum of \$50,000 (maximum may be exceeded in special circumstances with approval of the EDPWC Board). Loan amount not to exceed 50% of the remaining revolving loan fund balance.
- LEVERAGE 33% Max. Wright County Enterprise Loan Fund
66% other sources

- LOAN TERM Personal property term not to exceed life of equipment (generally 7-10 years). Real estate property maximum of 5-year maturity amortized up to 15 years. Balloon payment at 5 years, unless waived or deferred by EDPWC Board of Directors by a majority vote.
- INTEREST RATE Prime to Prime plus three, with a floor of six percent.
- SUBSEQUENT LOANS Subsequent loans may be made to previous borrowers so long as the total outstanding balance does not exceed the maximum loan amount of \$50,000.
- TIME LIMITS Loan must be closed within 180 days of approval. If the time limit is exceeded, a review of current financial statements will be required by the EDPWC finance committee.
- REPAYMENT Payments must be made monthly to the Wright County Auditor/Treasurer's Office either directly by the borrower or by the borrower's lending institution.
- PREPAYMENT POLICY No penalty for prepayment.
- DEFERRAL OF PAYMENTS Approval of the EDPWC Board of Directors by a majority vote.
- EXTENSION OF BALLOON Extend the balloon if unable to refinance. Verification letter from two lending institutions required. Subject to Board approval.
- INTEREST LIMITATION ON GUARANTEED LOANS Subject to security and/or review by the EDPWC
- EQUITY REQUIREMENTS Borrower must contribute a minimum of 5% of total costs to the project.
- COLLATERAL
 - Liens on real property in project and/or business (mortgage deed).
 - Liens on real property held personally (subject to Board of Directors approval - homestead exempt).
 - Machinery and equipment liens (except equipment exempt from bankruptcy).
 - Personal and/or corporate guarantees.

V. APPLICATION and APPROVAL PROCESS

1. Applicant shall contact a lending institution to determine if additional equity is needed for a project, and if so, the amount.
2. Applicant or lender shall complete a loan application. The Economic Development Partnership of Wright County staff and the Finance Committee will review applications for consistency with the policies set forth in the Enterprise Loan Fund guidelines. Additionally, the committee shall analyze the company's financial statements to determine if the proposed business and finance plan is feasible.
3. Assuming the application is satisfactory, staff will then take the committee's recommendation to the Economic Development Partnership of Wright County's Board of Directors Board for approval.
4. Staff will then present the loan request to the County Board of Commissioners for approval.
5. Staff will then send a letter of commitment indicating the terms of the loan to the borrower and all other lenders involved with the project.
6. Once financing for the project is secured, the applicant or primary lending institution shall secure interim or construction financing for the project.
7. Upon or near completion of the project, Staff will send a letter to the County Board of Commissioners requesting a resolution for the release of funds, which will be sent to the Primary Lender by the Wright County Auditor/Treasurer.

VI. EQUAL OPPORTUNITY

The Wright County Enterprise Fund is operated as an equal opportunity program. All applicants shall have equal access to the Wright County Enterprise Loan Fund regardless of race, color, sex, religion, age, national origin, marital status, or other personal characteristics.

VII. CONFLICTS OF INTEREST

Any EDPWC Board Member, committee member, or staff member with any direct or indirect personal or financial involvement with any application made to the Wright County Enterprise Loan Fund is required to make known such involvement to the Board of Directors and/or the Finance Committee so that a determination can be made as to the existence of a conflict of interest and if an exclusion from voting is warranted.

VIII. CONFIDENTIALITY

All conversations and materials received regarding pending and existing loans and projects are considered confidential.

Wright County Enterprise Revolving Loan Fund

Application Check List

- ___1. Comprehensive Business Plan
- 2. Financial Information
 - ___A. Monthly cash flow analysis for next twelve months.
 - ___B. Profit and loss statements: Last three years, current statements (less 90 days), and two year projections.
 - ___C. Balance Sheet: Last three years, current statements, and two year projections.
 - ___D. Last year's business income tax statements
 - ___E. Last year's personal income tax statements
- ___3. Schedule of existing business debt
- ___4. List of collateral (legal description if applicable)
- ___5. Resumes and personal financial statements
- ___6. Personal Credit History Report
- ___7. Commitment letters
- ___8. Affiliates
- ___9. Appraisals / Proposed Lease / Purchase Agreements
- ___10. Personal Guarantee (may be attached to guarantee submitted to first position lender at time of closing.)

**Should you have questions regarding any of the above items,
please contact the Partnership at (763) 477-3086.**

WRIGHT COUNTY ENTERPRISE LOAN FUND APPLICATION

I. Contact Information:

Name of Business: _____

Address: _____

City/State: _____ Zip: _____

Business contact person: _____ Phone #: _____

Social Security # (Sole Proprietor) _____

Type of Business: _____ Sole Proprietorship _____ Corporation _____ Partnership

II. Nature of the Loan Request

Amount of Loan Requested: \$ _____ Total Cost of Project \$ _____

Check one:

_____ Start-Up _____ Expansion _____ Acquisition

List the number of:

_____ existing jobs _____ jobs created _____ jobs retained

Give a brief description of the business and its product(s) or service(s):

Give a brief description of the project for which funds are requested:

Identify how the requested financing will result in the additional or retained employment, and the time frame in which that will occur:

III. Financing

- A. *Specify what type of financing gap exists (inadequate equity; inadequate private lender financing, inability to pay market interest rates or term requirements), the size of the gap, and explain in detail how the Enterprise Loan Fund will impact your project.*

B. Please identify the sources and uses of project funds by placing dollar amounts in the table below.

SOURCES & USES FOR TOTAL PROJECT COST

	ENTERPRISE LOAN	BANK(S)	EQUITY	OTHER	OTHER	TOTAL
Property Acquisition						
Site Improvement						
Building Renovation						
New Construction						
Machinery and Equipment						
Working Capital						
Inventory						
Other						
Other						
TOTAL PROJECT COST						

Comments:

c. Please state the terms and conditions of the project's funding sources in the table below.

TERMS & CONDITIONS OF TOTAL PROJECT FINANCING

	ENTERPRISE LOAN	BANK(S)	OWNER EQUITY	OTHER	OTHER	TOTAL
Amount						
% Of Project Cost						
Term (years)						
Interest Rate						
Debt Service						
Collateral Offered Asset						
Lien Position						

Lender #1 _____

Contact _____ Phone _____

Lender #2 _____

Contact _____ Phone _____

Lender #3 _____

Contact _____ Phone _____

Lender #4 _____

Contact _____ Phone _____

Please list any additional lenders or funding sources on a separate sheet and attach it to the application.

IV. JOB CREATION/RETENTION

A. Provide the following information on the jobs which you expect to create and / or retain due to the loan

JOBS TO BE CREATED OR RETAINED

Job Title	Number of Jobs	Average Hourly Wage	Annual Salary	Are the jobs permanent or temporary?	Are the jobs full time or part time?	Expected Hiring Date

B. Job Creation Timetable: Indicate on the table below when individual jobs will be added to the firm.

JOB CREATION TIMETABLE

Job Title	Number of Jobs	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	Qtr. 5	Qtr. 6	Qtr. 7	Qtr. 8

ASSURANCE OF BENEFIT TO LOW-INCOME PERSONS.

By submitting this loan application, the applicant agrees to:

- 1. A commitment that it will create new jobs identified above within two years after the loan is made;
- 2. A commitment to retain those jobs identified as retention for at least three years after the loan is made;
- 2. A commitment that it will make available the positions for low-income persons by documenting that the four following steps were or will be taken:
 - a. The skill level of the jobs available meets that of the general low-income population.
 - b. The education and experience required meets that of the low-income population.
 - c. The training provided by the employer, if training is needed, will make the jobs available to the low-income population.
 - d. That advertising, recruitment, and other outreach efforts are made to contact and involve the low-income population by notifying appropriate Job Training offices of the positions which will be available.

LOAN REVIEW AND FOLLOW UP

In order to help the Economic Development Partnership of Wright County gage the success and impact of the Wright County Enterprise Loan Fund the borrower agrees, by submitting this application, to allow staff to conduct annual visits and obtain the following information regarding the financial status of the business:

- a. Personal financial statements
- b. Corporate tax return or balance sheet and profit & loss statement
- c. Other information associated with the primary lender’s annual review

SIGNATURE

I certify the above information and the 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 of its federal and state taxes. Additionally, I agree to fulfill the requirements set forth by the Wright County Enterprise Loan Fund in this document. By signing this document I grant permission to the Economic Development Partnership of Wright County to obtain my personal credit report.

NAME

SIGNATURE

DATE

Wright County Enterprise Loan Fund Lender Agreement

This agreement between the Economic Development Partnership of Wright County and the primary lending institution, _____, is designed to identify the various responsibilities of the funding sources involved with the expansion or start-up of _____.

1. **PARTICIPATING LENDING INSTITUTION(S)** - Participating lending institutions(s) shall be determined by the applicant and will be required to cooperate with the Economic Development Partnership of Wright County to assist in carrying out the policies of the Wright County Enterprise Loan Fund as approved by the Wright County Board and the Economic Development Partnership Board of Directors.
2. **LEVEL OF PARTICIPATION** -Participating lending institutions(s) shall analyze the formal application and indicate to the Economic Development Partnership the level at which the lending institution will participate in the finance package.
3. **REPORTING** – The primary lender agrees to provide annual updates to the Economic Development Partnership of Wright County as to the status of the loan. Updates shall include:
 - Personal financial statements
 - Tax return or balance sheet and profit & loss statement
 - Lender comments or insights as to the general status of the loan and business
 - Simultaneous site visits by the Primary Lender and the Partnership staff, as well as any other lending source staff, are encouraged.(Note: In signing the Enterprise Loan Fund Application, the borrower has agreed to provide this information to the Economic Development Partnership of Wright County.)
4. **DELINQUENCY** - The lender agrees to report any delinquent payments to the Economic Development Partnership within 30 days. In the case of delinquent payments, the lender agrees to limit the interest charged to 120 days.
5. **FORECLOSURE** - Should it become necessary to foreclose on a loan, the Primary Lender agrees to inform the Partnership of its intentions and procedures prior to the implementation of foreclosure proceedings.
6. **COLLECTION & REPAYMENT** -The lender agrees to collect monthly loan payments and disperse the appropriate proportion to the Wright County Auditor/Treasurer’s Office c/o the Wright County Enterprise Loan Fund.

Name of Primary Lending Institution _____

Name of Loan Officer _____

Signature _____ Date _____