

Tipton Revolving Loan Fund

The City has created a loan fund that is directed at making improvements to commercial and industrial buildings within the City of Tipton. This lending program may be used under these parameters:

- Uses:** Renovation or improvement of existing commercial and industrial building structures, including accessory dwelling units located within commercial buildings, such as apartments above retail stores. Essential business-related equipment is also eligible. The timeline for completion of construction projects is not more than one year from the date of receipt of the funds.
- Loan Amt:** The maximum loan amount is \$10,000 per structure, subject to F.) below.
- Interest:** 0.05% will be charged on the loan amount for the duration of the loan.
- Match:** A minimum of 25 percent (25%) match on the loan amount is required by the applicant.
- Collateral:** Best available lien position.
- Application Materials Required:**
- 1.) Completed application.
 - 2.) Adequate security.
 - 3.) Information provided by applicant such as current financial statement, previous year's tax return, and where balance of loan fund is coming from.
 - 4.) Evidence of property ownership.
 - 5.) Narrative of scope of work and itemization of project expenses.
 - 6.) Other types of information as the City deems appropriate.
- Approval:** The Tipton Development Commission has designated a Loan Committee for this program that will make recommendations on all loan applications. The City Council will make the final decision on all applications. The City reserves the right to approve, deny, or discontinue any loan application on a case-by-case basis.
- Other Loan Guidelines:**
- A.) Loans will be made to property owners.
 - B.) Loan recipients can do their own labor, but may not charge their labor to their loan or their loan's match requirement.
 - C.) Though not limited to these alone, this program cannot be used to:
 - Refinance another loan without the City's prior approval.
 - Fund anything other than physical improvements to the subject building or the purchase of essential business-related equipment.
 - Match another financing or grant program (nor vice-versa) without the City's prior approval.
 - D.) The borrower must pay for all costs or fees associated with the issuance of the loan.
 - E.) Any outstanding loan balance will become immediately due and payable if the business closes or relocates outside of Tipton, or if the applicant otherwise defaults on the loan.
 - F.) The City reserves the right to waive its loan requirements on a case-by-case basis.

**Tipton Revolving Loan Fund
Application Form**

Application Information

Applicant's Name

Mailing Address (Street/City/State/ZIP)

Email Address

Phone

Business Information

Name of Business

Nature of Business

Applicant is: ___ Owner ___ Tenant ___ Other, Specify

Type of business entity: Sole Proprietorship___ Corporation___ Partnership___

Bank Reference

Bank Reference (include name, city, phone number, and type of account with them)

Building Information and Proposed Use of Funds

Street address of building or lot for which the loan is sought

Description of proposed use of loan funds (Attached additional info, if applicable.)

Total Estimated Project Cost: \$ _____

Loan Amount Requested: \$ _____

Balance of funding will be supplied by what source?

Note to Applicant: Please refer to the attached check list of this application for a summary of the information that must be provided.

Loan Security and Repayment Schedule

- A. The City's security requirement consists of the best possible lien available on real estate, equipment, inventory, etc. The value of the security should meet or exceed the amount of the loan. The City may require personal guarantees and/or co-signors.

The applicant proposes to use the following as loan security: (Please list each item and its value.)

- 1.) _____
2.) _____
3.) _____

- B. The applicant proposes to repay loan in the following manner:

_____ Monthly Payments _____ Semi-Annual Payments
_____ Quarterly Payments _____ Annual Payments

- C. Loan repayments would begin on what date: _____. Note: This date cannot be more than one year after the loan funds are advanced and loan document signed.

Statement of Understanding

- 1.) The applicant (undersigned) agrees to comply with the guidelines and procedures the Tipton Revolving Loan Fund and the scope of the renovation/improvement as agreed by the applicant and the Loan Committee.
- 2.) It is hereby certified that all of the financial and related data supplied to the City is true and accurate.
- 3.) It is understood that all information supplied to the City by the applicant (that is not subject to open records laws) will be kept strictly confidential and only shared with those that are integral to the loan process.
- 4.) It is further understood that the City may order a credit history review and that by signing this application, the borrower consents to said review. It is also understood that additional financial information may be requested in order to evaluate this application and that the City is hereby authorized to obtain verification of any information contained in the application from the applicant's financial institution.
- 5.) By signing this application, the applicant hereby consents to the release of any and all financial information from the above-designated bank reference.

Signature of Applicant(s)

Date

Return to: Linda Beck
Tipton Development Director
417 Cedar Street
Tipton, IA 52772

Phone: 563-886-6350
Email: lbeck@tiptoniowa.org

Checklist of Application Attachments
(Please check each one submitted. If not submitted, please explain why.)

- | | <u>Yes</u> | <u>No</u> | |
|-----|------------|-----------|---|
| 1.) | ___ | ___ | Narrative of scope of work and project budget. |
| 2.) | ___ | ___ | A short resume of your background/experience in renovation or construction |
| 3.) | ___ | ___ | Information/documentation on where the balance of funding is coming from. |
| 4.) | ___ | ___ | Previous year's income tax return—personal and business. |
| 5.) | ___ | ___ | Personal and/or corporate financial statement (forms for this can be picked up at your local bank.) |
| 6.) | ___ | ___ | Project floor plan. |
| 7.) | ___ | ___ | Evidence of property ownership. |

USDA requirements:

RLF funds will not be used to produce agriculture products through growing, cultivation, and harvesting either directly or through horizontally integrated livestock operations except for commercial nurseries or greenhouses, timber operations, or limited agricultural production related to technical assistance projects.

RLF funds will not be used to finance comprehensive area-wide type planning. This does not preclude the use of grant funds for planning for a given project.

RLF funds will not be used to fund a part of a project, which is dependent on other funding unless there is a firm commitment of the other funding to ensure completion of the project.

Loans will not be made unless there is a reasonable prospect that the applicant meets the definition of "small and emerging private business enterprises" defined as "any private business that will employ 50 or fewer new employees and has less than \$1 million in projected gross revenues. "If the grantor changes its definition of small and emerging business as defined by the Rural Business Enterprise Grant regulations, the grantee reserves the right to utilize the amended definition without further approval from the grantor.

At least 51% of the outstanding interest in the applicant must be owned by those who are either citizens of the United States or reside in the United States after being legally admitted for permanent residence.

In accordance with Federal law and U.S. Department of Agriculture policy, the City will not discriminate on the basis of race, color, national origin, sex, religion, age, disability, or marital or family status.

USDA Non-Discrimination Statement: *"In accordance with Federal and US Department of Agriculture policy, this institution is prohibited from discrimination on the basis of race, color, national origin, sex, age, or disability. (Not all prohibited bases apply to all programs.) To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (800) 795-3272 (voice), or (202) 720-6832 (TDD)."*

Revolving Loan Fund (RLF) Application
Checklist of Possible Waivers to Loan Requirements
City of Tipton

(This is applicable to the RLF that was capitalized by a USDA grant.)

According to the RLF Program Description, the Development Commission (serving as the Loan Committee) can waive some of program's lending requirements.

Below is a checklist of possible case-by-case waivers to consider. Please "check" the waivers (if any) that you'd like to recommend to the City Council for this particular loan application. If applicable, please use the space provided after each item to give further details on what you'd like to recommend.

Loan Applicant: _____

_____ 1.) RFL can fund up to 100% of a project if the applicant can show that other loan programs aren't as economically feasible as the City's program. This can be documented by showing the Loan Committee information that demonstrates that the loan rates of other lenders are less feasible than the RLF's.

Loan Committee recommendation, if any: _____

_____ 2.) The Loan Committee can waive the requirement for applicants to be located within the City Limits.

Loan Committee recommendation, if any: _____

_____ 3.) The Loan Committee can waive the minimum loan amount of \$2500 and/or the maximum loan amount of \$10,000.

Loan Committee recommendation, if any: _____

_____ 4.) The Loan Committee can waive/modify the program's "term" requirement of amortizing "over the lesser of seven years or the life of the security."

Loan Committee recommendation, if any: _____

_____ 5.) On a case-by-case basis, the Loan Committee can require less security than is stated in the Program Description.

Loan Committee recommendation, if any: _____

_____ 6.) The Loan Committee may waive or amend the loan application fee(s) from what is stated in the Program Description.

Loan Committee recommendation, if any: _____

_____ 7.) Other.

Loan Committee recommendation, if any: _____

_____ 8.) Other.

Loan Committee recommendation, if any: _____

Results/Date of Development Commission/Loan Committee Action:
