



PERRY DOWNTOWN DEVELOPMENT AUTHORITY
LOCAL REVOLVING LOAN FUND
Policy and Procedures

Downtown Development Authority
of the City of Perry, Georgia
Updated November 28, 2017

LOCAL REVOLVING LOAN FUND
UNDERWRITING POLICY
Downtown Development Authority
(Economic Restructuring Committee of Perry Main Street Program)
Perry, Georgia

GOALS

The goal of the Perry Downtown Development Authority's (DDA's) Revolving Loan Fund (RLF) program is to offer financial assistance to new and expanding businesses within Perry's downtown development district and to expand economic opportunities in Perry's downtown development district by providing flexible and expedient funding at the local level.

OBJECTIVE

To provide loan funds to Perry's small businesses from public resources and to create public-private partnerships with local commercial banks and other private sector lenders and investors. To be eligible for consideration, potential projects must provide permanent employment and/or prevent or eliminate slum or blight. Perry Downtown Development Authority functions as the Economic Restructuring Committee of the Perry Main Street Program.

SCOPE

This program is designed to assist small service, commercial and industrial businesses in the Perry downtown development district by providing "gap financing." To be eligible for consideration of assistance to private, for-profit entities must be contingent upon firm commitments of financial participation from other sources, such as private financial institutions, or the private entities themselves. This financial assistance must meet the overall program objectives and must result in the creation or retention of permanent jobs within Perry's downtown development district to mitigate unemployment.

ELIGIBILITY

The Perry Downtown Development Authority Revolving Loan Fund for the Perry DDA is limited to businesses located within Perry's downtown development district.

Funds may be used for start-up capital costs including:

- Real estate acquisition, development, redevelopment and new construction
- Rehabilitation of public and private infrastructure and facilities.
- Eligible capital expenditures (equipment)

In order to qualify for this program, a business must generally have a net worth of less than six million dollars (\$6 million) and a net profit after taxes of less than two million dollars (\$2 million) annually. No loans will be considered if the proposed jobs retained or created will be less than the ratio of one job per \$25,000 of loan funds.

The business will be required to obtain at least fifty percent (50%) of project costs from a private lender.

The Perry DDA RLF may be used in combination with the Georgia Cities Foundations' Revolving Loan Fund, Georgia Department of Community Affairs' Downtown Development Revolving Loan Fund, Perry Opportunity Zone program and any other incentive programs offered by the Perry DDA and Perry Main Street programs.

INELIGIBLE BORROWERS

- Passive income companies
- Lending and investment institutions
- Unregulated media such as newspapers and magazines
- Speculative ventures
- Employees of the local government if a conflict of interest exists
- Charitable organizations (may be eligible on a conditional basis)

INELIGIBLE ACTIVITIES (include but are not limited to)

- Creation of a job that would cost more than \$50,000 in RLF funds per job
- Reimbursement of project costs prior to submission of RLF application
- Refinancing of permanent debt (a business' use of interim financing is allowed)
- Payment of delinquent taxes or debt
- Product development costs
- General government expenses
- Political activities
- Operating costs

CRITERIA FOR APPLICATION EVALUATION

Highest consideration will be given to those businesses that demonstrate that they will create and/or retain the highest number of permanent jobs for the least amount of public expenditure.

Provision of assistance to private, for-profit entities when the assistance is appropriate to implement an economic development project that shall minimize, to the extent practicable, displacement of existing businesses and jobs in neighborhoods) that:

- a) Creates or retains permanent, full-time jobs or part-time jobs converted to full-time equivalent;
- b) Prevents or eliminates slums and blight;
- c) Meets urgent needs;
- d) Creates, retains or expands businesses owned by community residents; or
- e) Assists businesses that provide goods or services needed by residents.



PERRY DOWNTOWN DEVELOPMENT AUTHORITY REVOLVING LOAN FUND INSTRUCTION SHEET AND APPLICATION

Listed below are the criteria for financing through the RLF Program:

1. The business must be located within the limits of the Perry DDA area.
2. The business must commit to create or retain jobs.
3. The business will be required to obtain at least fifty percent (50%) of project costs from a private lender.
4. Personal equity injection of ten percent (10%) will be required.
5. The business must demonstrate a reasonable chance for success to the loan lender or other source. Review Committee using Market Study, Pro Forma, Business Plan and other documentation.
6. Collateral may be required, as well as personal and/or corporate guarantees.
7. The applicant is responsible for all loan and legal fees associated with an approved loan.
8. The information that any applicant provides must be truthful and accurate to the best of that applicant's knowledge. Failure to comply constitutes fraud and will result in the immediate termination of the loan process.

The process requires that the participant fill out completely the attached loan application and submit all required information. Failure to provide any information requested may be grounds for denial of the loan.

Once all information is received, it will be forwarded to the Loan Review Committee for review.

If the application meets the criteria and underwriting requirements, it will be submitted to the Perry DDA, at a regular meeting, for their approval. If the application is denied, applicants may request in writing why the application was turned down.

Minimum loan amount: \$5,000

PERRY DOWNTOWN DEVELOPMENT AUTHORITY REVOLVING LOAN FUND APPLICATION

Business name: _____

Current address: _____

Proposed address: _____

Telephone number: _____

Tax ID number(s): _____

Date business established: _____

Business account's bank: _____

Loan officer /account number: _____

GENERAL INFORMATION

Organization type: ___ Sole proprietor ___ Partnership ___ LLC ___ c Corp ___ Sub-S Corp

Number of permanent jobs to be created/retained: _____

Job title: _____ Wage/pay: _____ Benefits: _____

Manager: _____ Wage/pay: _____ Benefits: _____

MANAGEMENT

List of partners and stockholders who own twenty percent (20%) or more stake in business:

Name: _____ Address: _____ % ownership: _____

Does the applicant own the business? ___ yes ___ no

SOURCE AND USE FOR PROPOSED FINANCING SOURCES

Bank loan: _____ % of total: _____

RLF loan: _____ % of total: _____

Applicant equity: _____ % of total: _____

Other sources: _____ % of total: _____

TOTAL: _____ % of total: _____

TOTAL PROJECT COST

Acquisition: _____ % of total: _____
Real estate acquisition: _____ % of total: _____
Renovation/construction: _____ % of total: _____
Working capital: _____ % of total: _____
Other: _____ % of total: _____
Other: _____ % of total: _____
Other: _____ % of total: _____
TOTAL: _____ % of total: _____

BUSINESS INFORMATION

Do you have a business plan? _____ Yes _____ No

Your business plan should include:

1. Brief history of your business
2. Detailed description of the project, the use of loan proceeds, including written estimates of proposed costs from suppliers and contractors and the projects anticipated completion date
3. Financial Information

For loans for less than \$50,000, the following information is required:

- a. Credit reports on each owner/principal
- b. Financial statements on the borrowing entity to include pro forma income statements with detail as to projected future income and expense, and debt service
- c. Narrative addressing the plans for and timeframe to complete any improvements to be made, strategy, etc.

For loans in the amount of \$50,000 or greater, the following information is required:

- a. Current financial information (within the last 90 days)
 - b. Financial statements for the previous three (3) years
 - c. Personal financial statements (for each owner/principal)
 - d. Cash flow pro forma (3 years minimum)
 - e. Schedule of business debt
4. Market Analysis
 - a. Describing your product
 - b. Describing and defining your market area
 - c. Projected return on investment
 5. Proof of other funds
 - a. Letter from participating bank stating loan terms and conditions
 - b. Letter from bank stating bank account balance for equity contribution
 6. Description of security offered for this loan request
 7. Personal resume of each owner/principal
 8. Credit references

APPLICANT'S CERTIFICATION

I/we certify that all information in this application and all information furnished in support of this application are true and complete to the best of my/our knowledge and belief. Verification may be obtained from any source named, and I/we agree to submit to personal and business credit checks.

Signature _____ Date _____

Signature _____ Date _____

ECONOMIC DEVELOPMENT AND REVOLVING LOAN FUND SUPPLEMENTAL INFORMATION AND DOCUMENTATION

(To be completed by applicant and RLF administration)

Applicant: _____

RLF amount requested: _____

Total project cost: _____

1. JOB CREATION/RETENTION

Total number of existing jobs: _____

Total number of jobs to be created: * _____

Total number of jobs to be retained: * _____

RLF dollars per job created: _____

RLF dollars per job retained: _____

** Permanent full-time positions of at least one year's duration (except in certain cases of agricultural businesses whose operations are necessarily seasonal, the RLF will consider as permanent any full-time job of at least twelve (12) consecutive weeks' duration, and will count it as the equivalent of one-fourth (1/4) of a permanent job. For example, if an agricultural business proposed to employ one hundred (100) persons, each for twelve (12) full-time consecutive weeks, the number of jobs created would be counted as twenty-five (25). Likewise, were one hundred (100) persons to be employed, each for twenty-four (24) full-time consecutive weeks, the number of jobs created would be counted as fifty (50).*

2. PRIVATE INVESTMENT*

Dollar amount of private investment: _____

Source(s): \$_____

Private investment as percent of total project: %_____

Private to RLF funds leverage ratio: _____

Private to RLF/other publicfunds leverage ratio: _____

**Private investment must be documented by letters of commitment.*

3. OTHER PUBLIC INVESTMENT*

Amount: _____

Source(s): _____

Other public investment as percent of total project: _____%

**Other public investment must be documented by grant awards, grant commitments or letters of commitment.*

4. OTHER REQUIRED DOCUMENTS

- a. For an LLC, a copy of the applicant’s operating agreement is required.
- b. For corporations, a copy of the applicant’s articles of incorporation and a copy of the bylaws are required.

(To be completed by RLF administrator)

5. RECAPTURE PROVISIONS

Describe the rate, terms, period and other applicable elements of the RLF loan's repayment (be specific and detailed); also describe what entity will be responsible for servicing the RLF loan: *Any direct assistance to private for profit entities must be "recaptured".*

_____ Year Loan _____ % Interest Monthly payment \$ _____

Loan will be serviced by the City of Perry Economic Development director.

SAMPLE LENDING INSTITUTION COMMITMENT LETTER

(To be completed on the letterhead of the lending institution and addressed to the RLF applicant)

Dear _____:

Please, be advised that we have reviewed your financial statements and project proposal regarding for financing for (describe proposed project, specify construction, expansion, etc.) in (location). It is our understanding that (applicant) has applied for \$ _____ in the Perry Downtown Development Authority Revolving Loan Fund to (describe purpose for financing) as part of the project.

Based on the financial and project feasibility information provided, we feel the RLF funds for (describe project) would make this a viable project and hereby commit to provide (describe amount and type of financing) for (describe purpose of financing). This commitment has been approved by our (loan committee board, etc.) and is subject to the following terms and conditions: (specify terms and condition; receipt of the grant award can be a condition).

Sincerely,
(signature of officer or official authorized to make commitment)

SAMPLE COMMITMENT LETTER TO CREATE/RETAIN JOBS

(To be completed on company letterhead and addressed to RLF administrator)

Dear _____:

Contingent only upon the receipt of financing under the Perry Downtown Development Authority Revolving Loan Fund program as provided for in the application of (developer, industry, company, business, corporation, etc.). the (company) hereby commits to the Perry Downtown Development Authority to (describe proposed project, specific construction, expansions, etc.) at a total cost of approximately \$_____. The \$_____ in RLF funds will be used to (describe use of funds) as provided for in the application.

(Developer, industry, company, business, corporation, etc.) further commits to create and/or retain (number) full-time permanent jobs. We will initiate project activities on or about (date) and complete the same on or about (date). We will provide the applicant with a construction scheduled upon initiation of project activities and documentation or hiring, within ninety (90) days of project completion.

(Developer, industry, company, business, corporation, etc.) also hereby commits to repay the (loan amount) in RLF funds as provided for in the application.

Sincerely,
(signature of officer or official authorized to make commitment)