



## **MAIN STREET CHARLES CITY REVOLVING LOAN**

### **1. Purpose and limitations of the loans made from the RLF:**

- **Planned projects to be financed may include but not limited to:**
  - a. Project / business to be assisted by the RLF program typically must be physically located within the city limits of Charles City. On a case-by-case basis, the Loan Committee may waive this requirement and provide loan funds to a business located outside the city limits if the committee determines doing so will have a positive economic impact on the community to be assisted with RLF funds.
  - b. Acquisition and development of land, easements, and rights-of-way.
  - c. Construction, conversion, enlargement, repairs or modernization of buildings (including façade repairs), plants, machinery, equipment, access streets and roads, parking areas, utilities, and pollution control and abatement facilities.
  - d. Loans for startup operating cost and working capital.
  - e. Technical assistance for private business enterprises.
  - f. A priority will be given to retail and commercial projects.
  
- **Limitation on loans from the RLF:**
  - a. 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, timber operations, or limited agricultural production related to technical assistance projects.
  - b. 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.
  - c. 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.
  - d. 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 regulation, Main Street Charles City reserves the right to utilize the amended definition without further approval from the grantor.
  - e. 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.
  
- **Other Lending criteria:**
  - a. Loans to be made from the RLF will not exceed the level of available funding in the RLF bank account. Loans made from the RLF typically will not be less than \$5,000. The Loan Committee may authorize loans smaller than the above values on a case-by-case basis.

- b. Loans may be amortized over the lesser of ten years or the life of the security. The Loan Committee shall determine the term.
- c. Initially the interest rate will typically range from 3-5% and typically will not exceed prime rate by more than 1%. The Loan Committee will determine the rate.
- d. Typically security shall consist of the best possible lien available on real estate, equipment, inventory, etc. The discounted value of the security (using typical lender discount rates) shall equal or exceed the value of the loan. The Loan Committee may require personal guarantees and/or co-signors. The Loan Committee shall have authority to require lesser security on a case-by-case basis.
- e. There must be evidence presented by the applicant that indicates the RLF loan is necessary to make the proposed project feasible.
- f. RLF loan funds will not be used to pay off any previous debt. Refinancing construction financing is an allowable exception to this rule.
- g. If the business relocates outside of the city limits of Charles City, the Loan Committee may require immediate pay off of the loan.
- h. The Community Development Director or his/her representative must review and present the proposed project to the Loan Committee.
- i. The Loan Committee may require written feasibility studies, business plans, market studies, etc. as appropriate for the business type.

A \$100 application fee shall be submitted with each application. Costs associated with processing the application (e.g. credit report fees, UCC and lien search fees, filing security documents, filing legal documents fees, etc.) shall be the responsibility of the applicant. The Loan Committee may waive or amend this fee structure without further approval from the grantor.

**2. Number of Jobs to be created/saved with each project:**

Main Street Charles City has a goal of creating or retaining at least one full time job for each \$10,000 loaned from the RLF.

**3. Project priority and length of time involved in completion of each project:**

Applications for RLF funds will be accepted on a continual basis. Applicants who choose to apply in times when inadequate funds exist for extending a loan will be informed of the lack of funds. Applications will be reviewed and funded (if eligible) based on the following criteria:

- a. Applications with the greatest anticipated economic impact for the community shall receive greatest priority. Criteria to be considered in determining economic impact include number of jobs created or saved, wage scale of employees, benefits paid to employees.
- b. Applications of equal economic impact will be funded in date order of application.
- c. In accordance with Federal law and U.S. Department of Agriculture policy, the Loan Committee will not discriminate on the basis of race, color, national origin, sex, religion, age, disability, or marital or family status.
- d. The Loan Committee will be responsible for determining priorities of application to be funded. Eligibility of applicants will typically be determined within 30 days of receipt of a complete application. An application will be considered complete when all information necessary for the Loan Committee to make a decision has been received.

**4. Other information:**

The Loan Committee will administer the RLF. The Loan Committee shall be comprised of no fewer than five voting members plus the Community Development Director as an ex-officio member. The Community Development Director or his/her representative shall be present at each meeting of the Loan Committee.

One committee member shall be a lender from a local lending institution. The remaining members shall be persons who live within the city limits of Charles City or who live outside of the city limits of Charles City but have an interest in the economic climate of the applicant RLF territory. The Loan Committee will elect a chairperson annually at the first meeting each year to serve through December. Three persons of the committee shall constitute a quorum necessary for approving or rejecting an application for funding from the RLF. A simple majority (51%) of members voting shall be necessary for approval.

The Community Development Director shall be responsible for the day-to-day administration requirements of the RLF.

*Revised December 2021*

**MAIN STREET CHARLES CITY, IOWA  
REVOLVING LOAN FUND APPLICATION**

Date of application

Applicant's name

Mailing address

Telephone

(Home)

(Work)

(e-mail)

Project address

Does the applicant own the building?

Yes

No

If no, who does own the building?

Owner's address

Owner's telephone

Describe proposed project specifically: (attach additional sheets if necessary)

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Proposed starting date:

Proposed completion date:

Amount of funds requested:

Estimated cost of project

Provide a brief outline of project costs

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List current assessed valuation of project property

Please list the source and amount of all other funds to be supplied by the applicant or other public or private sources

<u>Source</u>	<u>Amount</u>
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If the project property has been vacant, state how long

Is the project property properly zoned for the business?

If a zoning change is pending, cite application number and present status. If application has not been made, briefly describe what change will be needed and plans for submitting application.

Number of years the applicant has been in business

Names and addresses of contractors and/or architect used for the proposed project.

Number of new jobs (if any) the proposed project will create

Number of existing jobs proposed project will preserve

**\*\* Please provide a personal financial statement as well as projected project cash flow (monthly payments, loan repayments, taxes, etc.) as attachments.**

Applicant should be aware that additional financial data may be required if requested by the Loan Review Committee. Applicant should also be aware that no application will be considered if expenditures are incurred prior to approval of the application.

It is understood that the Applicant will actively support and/or participate in the programs and activities of the Main Street Charles City program.

The undersigned applicant affirms that the information submitted herein is true and accurate to the best to my (our) knowledge. I (we) have read and understand the conditions of the Main Street Charles City Revolving Loan Fund and agree to abide by its conditions and guidelines.

\_\_\_\_\_  
Signature of Applicant

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Applicant

\_\_\_\_\_  
Date

**\*\*\*IMPORTANT NOTICE\*\*\***

In order to meet the requirements of the Federal Register Vol. 62 No. 210, Revision to the Standards for the Classification of Federal Data on Race and Ethnicity, all application forms for Rural Development financed programs must include below the signature and date block the following disclosure statement:

“The following information is requested by the Federal Government for certain types of loans, in order to monitor the lender’s compliance with equal credit opportunity. You are not required to furnish this information, but are encouraged to do so. The law requires that a lender may neither discriminate on the basis of this information nor on whether you choose to furnish it. However, if you choose not to furnish it, under Federal regulations, this lender is required to note race/ethnicity on the basis of visual observation or surname. If you do not wish to furnish the above information, please check the box below.”

I do not wish to furnish this information.

**Ethnicity:**

Hispanic or Latino

Not Hispanic or Latino

**Race:** (Mark one or more)

White  Black or African American

American Indian/Alaska Native  Asian

Native Hawaiian or Other Pacific Islander

Gender: Male  Female

**REQUIRED ATTACHMENTS**  
**[check each one submitted, if not submitted, explain why]**

BUSINESS SUBMISSIONS

- \_\_\_\_\_ Business Plan/market study
- \_\_\_\_\_ Profit and loss statements and balance sheet for past three years
- \_\_\_\_\_ Schedules of aged accounts receivable, aged accounts payable, and a schedule of other debts
- \_\_\_\_\_ Projected profit and loss statements for three years into the future
- \_\_\_\_\_ Personal financial (if new company or closely held company)
- \_\_\_\_\_ Documentation of commitment of all proposed project funds from banks, community, business, state, etc.
- \_\_\_\_\_ Copies of bids, quotes, estimates, and other cost documentation for project activities
- \_\_\_\_\_ Documentation of the current number of employees
- \_\_\_\_\_ Corporate resolution authorizing company officials to execute application and necessary loan documents, if approved
- \_\_\_\_\_ Federal identification number \_\_\_\_\_
- \_\_\_\_\_ If no Federal identification number than  
Social Security number \_\_\_\_\_