

# **RULES & APPLICATION INFORMATION**

## **REVOLVING LOAN FUND**

Allamakee County, Iowa

(There will be a \$50 application fee due to ACED and a \$10 UCC filing fee to the Auditor's Office at the date of closing)

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**PURPOSE OF FUND:** The funds available through this revolving loan fund (RLF) will be used to provide financial assistance to private for-profit businesses or to non-profit organizations including tourism development located within Allamakee County for the creation of and/or retention of employment.

The primary means of providing assistance shall be:

- A. Loaning funds with an agreed upon repayment schedule for a maximum of three years.
- B. Guaranteeing the portion of a loan made by a commercial lender.
- C. Participation in a loan made by a commercial lender with an agreed upon repayment schedule.
- D. The interest rate shall be located in for the term of the loan at an agreed upon rate which shall not exceed two percentage points above or below the rate charged on a three-year treasury bond.

The schedule shall be such that funds will continue to accumulate so as to permit the fund to make additional loans. This fund is not intended to be a primary source of funding for development projects, rather it is to serve as a supplemental funding source. Funds will not be used for speculation on real estate, stocks, bonds, commodities or any similar purpose. Funds may be used for any and all of the following purposes:

- A. For the purchase of real estate needed by the business for location, re-location or expansion.
- B. For the purchase of buildings and other site improvements.
- C. For the construction, remodeling, rehabilitation, or modification of buildings or other site improvements.
- D. For the purchase of machinery, equipment, furniture or fixtures.
- E. For the purchase of raw materials or inventory.
- F. For working capital purposes.
- G. For purposes, under the direction of the Supervisors, as stated in the enabling resolution.

Loans will require the recommendation of the RLF Committee and approval of the Allamakee County Board of Supervisors prior to their disbursement.

### **RULES GOVERNING THE FUND:**

- A. Loan amounts will not exceed thirty percent (30%) of the total project up to forty thousand dollars (\$40,000.00).
- B. Normally the borrower should have twenty-five percent (25%) of project cost available as equity plus six months of projected working capital requirements.
- C. As a guideline, borrowers will be expected to create one new job or retain one job for each \$5,000 of RLF dollars requested. The time frame for achieving job retention or creation will be agreed upon at the time of the loan.
- D. The fund is not intended to fund the relocations of business within Allamakee County.

- E. Loans will not be made to finance public works improvements.

#### PHILISOPHICAL CONSIDERATIONS FOR RLF PRIORITIES AND TARGETING:

Loans from the RLF, since it is funded with public funds, must serve a public purpose. Loans for businesses that help implement the objectives of the Allamakee County Economic Development Plan or strategy shall be deemed as meeting the “public purpose”. Considerations shall be given to loan requests that:

- A. Diversify the County’s economy
- B. Businesses that bring new money into the county (i.e. exports, tourism, etc.)
- C. Develop untapped economic potential
- D. Add value to our raw products before shipping it out of the county (i.e. timber, farm products)
- E. Strengthen the local farm economy
- F. Are expanding within the county
- G. Increase the tax base of the county and its cities
- H. Have potential for future job growth
- I. Purchase products from or sell to existing businesses within the region
- J. Could indirectly spin-off other jobs or business development

#### REVIEW CRITERIA FOR LOAN REQUEST

- A. Benefits to the area
  - 1. Number of jobs created or retained
  - 2. Anticipated tax base increase
  - 3. Quality of jobs created or retained (skill levels and wage levels)
  - 4. Quality of life concerns to County/Communities
  - 5. Compatibility with County/Community economic development plan(s)
  - 6. Potential for growth or of attracting other industry
- B. Negative Impact Issues
  - 1. Excessive or new demands for infrastructure (i.e. sewer, water, streets, roads, etc.)
  - 2. Create excessive job demand for a class of employee already in short supply
  - 3. Poor reputation as an employer
  - 4. Past history of plant closings and/or relocations
  - 5. Environmental considerations
- C. Financial Review
  - 1. Percent of owner’s funds to total project funds
  - 2. Percent of this loan request to total project funds
  - 3. Quality of business plan
  - 4. Quality of collateral
  - 5. Success rate for this kind of business
  - 6. Credit ratings, references, etc.

#### APPLICATION PROCESS

All applicants for funds from the Allamakee County RLF must complete the application form attached hereto, and which are available from county banks, or from the Allamakee County Economic Development Office at 101 West Main Street, Waukon, IA 52172.

The RLF Committee is eager to work with the primary lender in making its recommendations to the County Board of Supervisors and, in those situations where a working relationship exists between the primary lender and the RLF Committee, the RLF Committee will rely significantly on the material gathered by the primary lender for consideration in evaluating the loan application.

In those situations where there is difficulty in establishing a relationship between the RLF Committee and the primary lender the applicant shall be requested to provide the following financial information:

- A. Past three year's financial statement. Audited statements may be requested.
- B. Two (2) year income and expense projection and cash budget projection for the next six (6) months.
- C. Current balance sheet (within 90 days).
- D. Profit and loss statements on corporation/company (actual for three years and projected for three to five years).
- E. Description of collateral offered or other property provided. (Current appraisals or other verification of value may be requested).
- F. Repayment terms desired.
- G. Personal resumes of company management and brief history or narrative of the company.
- H. Purpose of loan and how funds are to be used.
- I. Business plan.
- J. Banking and business references.
- K. Current financial statement or each principal and/or grantor.
- L. Other information the RLF Committee feels it may need to properly evaluate the loan.
- M. Certification of truthfulness of information.
- N. A completed loan application must be submitted to the RLF Committee at least 20 days before it can be scheduled for review. Some applications may require work in excess of 20 days before they can be scheduled for Committee review.
- O. The RLF Committee's recommendation on a loan application is only advisory. Such recommendation goes to the County Board of Supervisors who make the final decision on all loan applications.

APPLICATION  
Revolving Loan Fund  
Allamakee County, Iowa  
(Please include a \$50 application fee)

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Applicant

\_\_\_\_\_

\_\_\_\_\_  
Trade Name of Borrower

\_\_\_\_\_  
Address

\_\_\_\_\_  
Type of Business

\_\_\_\_\_  
County

\_\_\_\_\_  
Employer ID No.

\_\_\_\_\_  
Phone Number

\_\_\_ Existing Business

\_\_\_ Existing employees including  
subsidiaries and affiliates

\_\_\_ New Business

\_\_\_ Purchase Business

\_\_\_ New employees if project is  
completed

\_\_\_ Other

Project Description and Location:

Project Name \_\_\_\_\_

Location \_\_\_\_\_

Description \_\_\_\_\_

\_\_\_\_\_

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Management and Ownership (Provide name, address, and percent of ownership of all persons  
in this project) \_\_\_\_\_

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