

Greater Chestertown Initiative Revolving Loan Application Open for Business in Chestertown

The Greater Chestertown Initiative (GCI) Revolving Loan Fund was established by the GCI and SFW Foundation to aid economic development in Chestertown by providing financial assistance through loans to eligible businesses. The loan is offered to individuals/businesses looking to start a new business, expand or relocate operations to Chestertown. Residency in the town is not required of the business owner(s); however, the business must be physically located in Chestertown.

Program Description

The GCI Revolving Loan was created with the mission to nurture existing and emerging Chestertown businesses, start-up businesses and capital improvements for existing vacant or underutilized space.

The disbursement of the Funds will be the sole discretion of the SFW Foundation based on these program criteria:

- Eligible businesses must be located within the geographic boundaries of downtown Chestertown.
- Economic Impact – such as job creation and retention; increase in production; potential for a niche market.
- Project must be consistent with the Town’s Comprehensive Plan.
- A demonstrated need for the funding.

Applicant requirements

- Applicant must submit a completed application form (please no binders)
- Applicant must agree to a site inspection prior to final approval of this application and periodically in accordance with the terms of the financing should the request be approved.
- Applicant must provide a detailed business plan with
 - o market(s) to be served
 - o detailed project information
 - o project cost estimates
 - o two (2) year and five (5) year projections
 - o anticipated direct and/or indirect job creation over three (3) years
- Applicant must possess, or be actively seeking, the appropriate government permit(s), certifications and/or licensing.
- Applicant is responsible for securing and complying with all necessary zoning, building and other permit regulations as required prior to receiving loan.

- The GCI reserves the right to request additional information as needed including personal and business tax returns. (Sensitive information can be forwarded directly to the Lender, which agrees to hold any such information on a strictly confidential basis.)

Send Completed Applications to:

Open for Business
Greater Chestertown Initiative
P.O. Box 1106
Chestertown, MD 21620

GENERAL PROVISIONS

A. Overview of the Greater Chestertown Initiative (GCI) Revolving Loan Fund Program

The GCI Revolving Loan Fund is a pool of money used by an eligible Borrower for the purpose of assisting in the financing of a business venture or expansion. As loans are repaid by the Borrowers, the money is returned to the revolving loan fund to make other loans. In that manner, the program becomes an ongoing or “revolving” financial tool. As the total funding commitment for the Program is a finite amount, failures in repaying the loans will reduce the pool of funds available to other qualified applicants and could adversely impact the future of the program as well as the level of assistance available for the improvement of Chestertown in general.

The major difference between the GCI revolving loan program and conventional lending is the lending goal. For conventional lending institutions, the goal is profit. For the GCI revolving loan fund, the goal is to provide businesses access to capital creating increased economic development by nurturing existing and emerging Chestertown businesses and encouraging capital improvements for existing vacant or underutilized space.

Revolving loan funds are not substitutes for conventional lending sources. Given the small size of the programs and the limited resources of each project, revolving loan funds are not intended to match or replace the capacity of banks, investment houses or other lending organizations, but rather to be used to fill gaps in and to provide or attract capital which otherwise would not be available for economic development.

B. Objectives and Strategies

The GCI recognizes that one of the major challenges in local business development and retention, and a significant contributing factor to local economic distress is credit availability. Even when credit may be available, the cost and terms of the credit may prevent firms from expanding, continuing operations, or starting up. The result may be the loss of jobs, tax revenues, and private investment in Chestertown. The primary objective of the GCI revolving loan fund is to retain and create new or expanded businesses in Chestertown. Projects are expected to support and complement specific types of economic activities planned or underway in Chestertown. These may include, depending on local needs and conditions, the following:

1. Small business development, including the start-up or expansion of locally owned businesses as measured by job and customer creation;

2. Redevelopment of vacant facilities for productive use.

In structuring the terms of the loan, the needs of the Borrower will be reviewed on an individual basis such that the overall GCI Revolving Loan Fund will be effective as an economic development tool. Therefore, the revolving loan fund project lending policies and financial techniques may include, but are not limited to:

1. Taking greater risks than banks are traditionally prepared to take, when substantial economic development benefits will result if the Borrower does succeed;
2. Processing applications expediently;
3. Working cooperatively with the financing programs offered by other agencies;
4. Reducing the risk of agencies or commercial lenders by providing supplemental or subordinated financing.

C. Eligible Borrowers

The business entity must be physically located or, in the case of a start-up, plan to be physically located in Downtown Chestertown and shall remain in continuous operation there for at least five years.

Members of the loan review committee, administrative board or staff that reviews, and makes recommendations on behalf of the GCI Revolving Loan Fund loans, and people related to them by blood, marriage, or law shall not directly or indirectly benefit from or be eligible to participate in the program.

GCI REVOLVING LOAN FUND ADMINISTRATION

A. Use of Funds and Program Income

Revolving loan funds may be used only to fund loans. All repayments of principal must be returned to the respective loan fund account from which the funds were withdrawn for subsequent relending.

The terms of each loan will be structured after a review of the applicant's business plan to try to make the loan repayments best match the planned availability of cash flow from operations.

The loan documents will include the lender's rights to legally pursue the borrower if a loan is not repaid. As previously stated, the revolving nature of this program is important and failures to repay loans will materially impact the continuation of the program.

B. Project Monitoring and Reporting

Regular follow up meetings with the Borrower shall take place after the approval of the loan. The GCI advisors will determine a schedule of meetings with the Borrower to be conducted periodically. Each Borrower must submit to the GCI financial team (or directly to the lender if considered sensitive or confidential) documents and progress reports on the loan activity during the term of the loan.

The "Post-Loan Checklist" shall detail (as appropriate and on a confidential basis) periodic performance , including sales revenues, inventory levels, employee numbers, market serviced, cash flow status, space/location plans and any outstanding problems. Borrowers may be subject to audit at their expense. (Confidential information can be forwarded directly to the Lender.)

Borrowers who use loan proceeds in violation of the guidelines of the loan agreement and/or the Borrower's operating plan shall be in default and the loan will immediately become due and payable to the Lender.

GCI REVOLVING LOAN PROGRAM LENDING POLICIES

Financing, including that which is designed to assist firms by providing funding of projects for existing and start-up businesses, may involve greater risks and more lenient terms than commercial lenders may provide; however, shall be extended to Borrowers under the following general provision.

Use of Funds: The loan proceeds may be used for legitimate business purposes recommended by the Loan Review Committee and approved by the Lender including: leasehold improvements, real estate acquisition, renovation, construction and rehabilitation; machinery and equipment; and working capital. PROCEEDS MAY NOT BE UTILIZED TO PAY OFF EXISTING DEBT.

All Borrowers must comply with the requirements of applicable federal, state and local laws. The loan will be due and payable in full if for any reason the activity financed or the economic benefit is

moved from Chestertown or the Borrower fails to maintain and fulfill the terms of the loan document.

REVOLVING LOAN PROCESS

Once eligibility to participate in the loan program has been determined, an application for a loan will be processed in accordance with the following procedure:

A. Application Information: The Borrower(s) shall submit the following information that is applicable to their request.

1. A completed Application
2. A complete Business Plan that includes a business narrative, personal resume of principals, summary of products/services offered, marketing plan, financial data and any other information relevant to the business type.
3. Financial statements (balance sheets and income statements for the last three (3) years for existing/expanding operations and an interim statement dated within 60 days of the application.
4. Three (3) years of projected income, cash flow and expenses.
5. A Use of Funds sheet indicating the overall project cost and the equity contribution of the principal(s).
6. Tax returns, if requested by the Lender.
7. Schedule of all existing debts including rates and terms.
8. Aging of accounts receivable and payable within 60 days (if an existing business).
9. Executed copy of any lease(s) and/or copy of the deed to real estate owned.
10. Current personal financial statements for the principals; participating bank form is acceptable.
11. Additional documents to support the request may be requested by the reviewing bodies at any time during the review process.
12. As stated earlier, sensitive personal information, beyond the Business Plan and projections can, at the applicant's discretion, be forwarded directly to the Lender, which will maintain all such information on a strictly confidential basis.

B. Application Review Process: A pre-application meeting is encouraged prior to acceptance of the loan application to determine eligibility to participate and to review application submission package for completeness. Application submitted shall be reviewed in accordance with the program requirements, but will follow the general process as follows:

1. The complete application will be forwarded to the Greater Chestertown Initiative Open for Business loan review committee. The application will first be reviewed to determine completeness.
2. The loan review committee will formulate a recommendation on the loan request based on demonstrated compliance with the eligibility requirements and recommend the terms and conditions of the loan.
3. The recommendation of the review committee will be forwarded to the Foundation funding the loan, which reserves the right to place conditions and/or covenants on the approval of the loan, modify the loan amount requested, set the terms of the loan and deny any loan request.
4. Once the recommendation and terms have been secured, by both GCI and the Lender, the Lender will assume control of drafting a commitment letter.
5. The commitment letter outlining the terms of the loan agreement shall be sent to the Borrower for signature.
6. Upon receipt of the executed loan commitment by the GCI, settlement will be scheduled and the necessary support documents shall be drafted to reflect the designated terms of the loan by the Lender.
7. The release of funds shall occur once the loan documents have been processed in accordance with the terms of the loan agreement. The Borrower shall complete a Non-Discriminatory Certification (refer to Appendix B.)

Please Describe the Use of Funds in Detail

OTHER PROJECT ADVISOR(S) (*Accountant, Attorney, Banker*)

1. Name _____ Title _____

Institution/Firm _____

Work Telephone _____ E-mail _____

2. Name _____ Title _____

Institution/Firm _____

Work Telephone _____ E-mail _____

3. Name _____ Title _____

Institution/Firm _____

Work Telephone _____ E-mail _____

SECTION 2: BUSINESS INFORMATION

BUSINESS STRUCTURE

Year & State Established/Incorporated _____

Corporation Partnership Proprietorship LLC (SIC/NAICS Code _____)

EMPLOYMENT DATA

of full-time jobs current _____ # of NEW full-time jobs projected within 36 months __

of part-time jobs current _____ # of NEW part-time jobs projected within 36 months _

MANAGEMENT/OWNERSHIP

1. Name _____ Title _____

Date of Birth _____ % Ownership _____

Address _____ City _____

State _____ Zip Code _____ Telephone _____

2. Name _____ Title _____

Date of Birth _____ % Ownership _____

Address _____ City _____

State _____ Zip Code _____ Telephone _____

3. Name _____ Title _____

Date of Birth _____ % Ownership _____

Address _____ City _____

State _____ Zip Code _____ Telephone _____

4. Name _____ Title _____

Date of Birth _____ % Ownership _____

Address _____ City _____

State _____ Zip Code _____ Telephone _____

DECLARATIONS

If answering "yes" to any of these questions, please provide an explanation on a separate sheet and attach.

- 1. Is the business or any of the top management personnel a party to any claim or lawsuit? Yes
 No

- 2. Has the business or any of the top management personnel ever declared bankruptcy? Yes
 No

- 3. Does the business or any of the management personnel owe any taxes for prior years? Yes
 No

- 4. Is the company currently in good standing? Yes
 No

- 5. Have any managers or owners received a felony conviction? Yes
 No

BRIEF DESCRIPTION, LOCATION AND HISTORY OF BUSINESS

(Include details and history of your operation and experience of principal business owner(s).)

ECONOMIC IMPACT OF BUSINESS

[provide details on job creation and retention; increased production; potential for a niche market].

PROJECT CONSISTENCY WITH LOCAL ECONOMIC DEVELOPMENT PRIORITIES

[Provide details on project consistency with the land use, comprehensive/community plans, and economic development priorities]

DEMONSTRATED NEED FOR AND USE OF THE FUNDS

[Explain how project will not move forward or would be significantly delayed without financial assistance from Greater Chestertown Initiative]

SECTION 3: SIGNATURES AND CERTIFICATION

The applicant represents an understanding of the conditions of this application, that there is no guarantee of approval. The applicant also represents that all statements and information furnished with this application or on supporting documents, is true and correct to the best of his/her knowledge and belief.

All information in this application and in the attached exhibits is true and complete to the best of my knowledge, information, and belief. I agree to pay for the cost of any surveys, title or mortgage examinations, credit reports, lien searches, appraisals, etc., that are necessary for consideration of this application.

I hereby authorize the Fund and all participating lenders involved in the financing of this project to freely, and without further authorization and consent, exchange any and all financial information provided in connection with this application and the processing of this loan request.

I hereby authorize the Greater Chestertown Incentive Fund use of the names of the principals and/or the name of the business in publicity regarding the Fund, without disclosing any proprietary information.

IN WITNESS THEREOF, the undersigned, being duly authorized to do so, have/has signed this application.

Date: _____

Business Name: _____

Signature _____ Signature _____

Printed Name _____ Printed Name _____

Date _____ Date _____

Signature _____ Signature _____

Printed Name _____ Printed Name _____

Date _____ Date _____

SECTION 4: ATTACHMENTS

ATTACHMENTS CHECKLIST

1. Business plan.
2. Project budget - list of equipment or facilities to be acquired with cost estimates.
3. Feasibility study (if available).
4. Two years of most recent personal (20% ownership or greater) and business tax returns.
5. For corporate entities, provide a Certificate of Good Standing.
6. Copy of current personal credit report dated within the last 30 days.
7. Evidence of other funds available (e.g., copy of bank statement or bank loan commitment letter).

Appendix B — Non-discriminatory Certification

CERTIFICATION

Non-Discrimination Low to Moderate Income Benefit

I (we) the undersigned Borrower (s) understand and agree to comply with the following requirements:

A. The Borrower (s) will not discriminate against any employee or applicant for employment because of race, creed, color, sex or national origin. Such action will include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Borrower(s) agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the County setting forth the provisions of this nondiscrimination clause.

B. The Borrower (s) shall, in all solicitations or advertisements for employees placed by or on behalf of the Borrower(s), state that all qualified applicants will receive consideration for employment without regard to race, creed, color, sex or national origin.

C. The Borrower (s) shall cause the foregoing provisions to be inserted in all subcontracts for any work covered by the Revolving Loan so that such provisions will be binding upon each subcontractor, provided that the foregoing provisions shall not apply to contracts or subcontracts for standard commercial supplies or raw materials.

D. The Borrower (s) agree to provide employment information to the County as required in order to monitor the success of this program.

Borrower(s) Signature (s):

Date

Witness as to All

Date
