

Town of Farmington

REVOLVING LOAN FUND

Management Plan

**Amended July 14, 2009
Amended October 26, 2010**

MANAGEMENT PLAN

A. Purposes of the Revolving Loan Fund (RLF)

1. To promote the economic well being of the Town of Farmington by helping to finance projects which maximize private sector investment and benefit low and moderate income people;
2. To stimulate job creation and expand business ownership opportunities for Farmington residents through economic development that is compatible with the Town's physical and social environment;
3. To encourage maximum utilization of existing vacant and under-utilized buildings;
4. To stimulate investment in the renovation and conservation of small business space; and
5. To supplement traditional bank financing, business owner investment, and other business loan and investment instruments.

B. Administration

1. The Town of Farmington shall:
 - a. be responsible for overall RLF administration;
 - b. assist RLF applicants with packaging of development proposals;
 - c. recommend amount and terms of RLF and owner participation for each project; and
 - d. maintain a Loan Review Board to review and either approve or deny RLF loan applications;
 - 1) The RLF Review Board shall consist of five (5) regular members who shall be residents of the Town of Farmington;
 - 2) A minimum of three (3) RLF Review Board members shall constitute a quorum for voting purposes;
 - 3) RLF Review Board members shall be appointed by the Board of Selectmen and sworn in by the Town Clerk; and.
 - 4) The term of each Board member shall be three (3) years, and the members shall serve until their successors are appointed and sworn.

- 5) Upon adoption of this management plan, for transition purposes the initial terms shall be staggered so that as nearly an equal number of terms shall expire annually. Towards this end, initial appointment shall be one member for one year, two members for two years, and two members for three years.
2. The Board of Selectmen may adopt amendments to the Town of Farmington Revolving Loan Fund Management Plan after a public hearing has been held to review proposed changes.
3. The RLF shall be audited yearly as part of the Town's annual audit.

C. Eligibility Criteria

1. The applicant must be a property owner or resident of the Town of Farmington or an owner of a business or organization located within the Town; and the applicant must have the authority to make legal agreements for that business.
2. The applicant must supply documentation of supplemental traditional bank financing, business owner investment, and/or other business loan and investment instruments.

D. Eligible Projects

Eligible project activities include loans for:

1. Business start-ups, expansions and/or building improvements and/or renovations;
2. Real property acquisition; and
3. Capital equipment;

E. Ineligible Loans

Loans secured by out-of-state real estate are ineligible.

F. RLF Terms and Conditions

1. No loan will exceed the maximum length of ten (10) years.
2. Interest rates will be a fixed rate of 5%, except for loans made for façade improvements within the Village Business Historic District (as described in the Town's Zoning Ordinance) which shall be at a fixed rate of 0%.

3. No loan shall exceed the amount of \$25,000.
4. Payments will be made on a monthly basis.
5. Loans will be evidenced and documented per section H. below (which may be subordinated to the primary lender/s).
6. Before any RLF funds are disbursed, all necessary Town, State, or federal permits must be obtained.
7. There will be no prepayment penalty provision on any loan.

G. Fees

All costs associated with legal document preparation and review, recordings and filings shall be borne by the applicant and shall be payable before or at closing of the loan.

H. Loan Closing Document Package

Upon loan approval, a formal loan closing document package will be assembled consisting of:

1. Loan Agreement;
2. Promissory Note;
3. Mortgage Deed (when applicable);
4. Security Agreement;
5. UCC-1 Financing statement (when applicable); and
6. Personal Guarantee and/or Corporate Guarantee (when applicable).

All documents shall be signed by a representative of the Town of Farmington and the applicant, and applicable documents shall be witnessed and notarized by a Notary Public of the State of Maine.

Date Received: _____

TOWN OF FARMINGTON
Revolving Loan Fund (RLF) Application

Please Type or Print)

Application Date: _____ Social Security Number: _____

1. Name of Applicant: _____

2. Date of Birth: _____ Telephone: _____

3. Address: _____

4. Mailing Address (if different from above): _____

5. Length of time at present address: _____

6. Previous Address: _____

7. Length of time at previous address: _____

8. Length of time in Maine: _____ 9. US Citizen? _____

10. Number of people living in your household: _____

Please list by name, relationship, and dependent status below, if applicable – include yourself.

Name	Relationship	Dependent (yes/no)
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

11. Is your business: Existing? ___ Proposed? ___

12. Business Name: _____ 13. Date Started: _____

14. Business Address: _____ Telephone: _____

15. Length of time at address: _____

16. Business Organization (please check appropriate category):

Sole Proprietorship: ___ Corporation: ___ Partnership: ___

Joint Venture: ___ Profit: ___ Nonprofit: ___ Other: ___

17. Is your proposal to start _____, expand _____, or strengthen _____ your business?

18. Explain the business, service, or job you plan to begin, expand or strengthen:

19. How many jobs will your proposal create? _____ maintain? _____

20. How much cash will you (or your business) contribute to your proposal? \$_____

21. How much money do you wish to borrow from the RLF? \$_____

22. How do you intend to use your RLF loan; what positive impact will the loan have on your business?

23. List any major purchases planned immediately for your proposed start-up or expansion.

ITEM	COST	VENDOR (if known)
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____

24. List three credit references and three personal references.

NAME	ADDRESS	PHONE	ACCOUNT #
Credit:			
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Personal:

25. Describe the qualifications, experience, or training which enable you to enter this business (attach resume).

26. Are you proposing a co-signer for this loan? ___ If so, attach personal balance sheet and most recent IRS tax return for the individual.

27. Are you borrowing additional funds from any other source to fund this proposal? ___ If so, attach letter/s of commitment.

28. Are there any pending litigation, governmental proceedings, or consent orders against you or your business? ___ If so, attach description.

29. Have you or your company ever filed bankruptcy? ___ If so, attach description.

30. Have you or your company ever been involved in a criminal proceedings? ___ If so, attach description.

31. Do you or your company have contingent liabilities as a co-signer, endorser, guarantor, or other? ___ If so, please attach description.

32. Does this project require a Department of Environmental Protection Certificate of Approval? ___ If so, please attach.

33. Please attach your Federal tax return for the previous year.

34. Please attach a current credit report.

35. Please complete the following attached schedules:

Marketing Plan (Schedule 1) – Please fill in each question and attach additional information if applicable to Marketing Plan.

Personal Financial Statement (Schedules 2 & 3) – List personal financial information separate from business information when completing this form. Don't include information here that you will list on your business balance sheet.

Business Balance Sheet (Schedule 4) – Please list your business assets and liabilities. Don't duplicate data from your personal financial statement.

Profit and Loss Statement (Schedule 5) – There are three columns on this form. The first is for the previous twelve-month period. The second is for your first year projections, the third for your second year projections.

Cash Flow (Schedule 6) – The two columns cover your first and second year projections.

Loan Security (Schedule 7) – Please itemize all machinery and equipment valued at \$500 or more, regardless of collateral status.

PENALTY FOR FALSE OR FRAUDULENT STATEMENT: U.S.C. Title 18, Sec. 1001, provides: "Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, or makes any false, fictitious or fraudulent statements, or makes or uses any false writing or document knowing the same to contain false, fictitious or fraudulent statement or entry, shall be fined not more than \$10,000 or imprisoned not more than five years, or both."

I warrant and represent that the information provided is true and complete. I agree to notify you promptly in writing upon any material change in the information provided herein, and further acknowledge that you will continue to regard this statement as true and complete until your receipt of such written notification. You are authorized to make such inquiries as you deem necessary and appropriate to verify the accuracy of this application.

Signature of applicant: _____ Date: _____

Application Checklist

Please review and complete the following checklist to ensure that your application has all necessary attachments. Question numbers addressed within each question below refer to questions in the application. Please check "yes" if attached, "N/A" if not applicable.

QUESTION YES N/A

1. If you have a resume as suggested in question number 25, did you attach a copy?		
2. If you answered, "yes" to question number 26, did you attach a personal balance sheet and IRS tax return.		
3. If you answered "yes" to question number 27, did you attach letter/s of commitment?		
4. If you answered "yes" to question number 28, did you attach description?		
5. If you answered "yes" to question number 29, did you attach description?		
6. If you answered, "yes" to question number 30, did you attach description?		
7. If you answered "yes" to question number 31, did you attach description?		
8. If you answered "yes" to question number 32, did you attach certificate?		
9. As required by question number 33, did you attach IRS tax return for the previous year?		

1. What products or services will you sell?

2. To whom will the products or services be sold?

3. What steps have you taken to advertise your product or service?

4. What evidence do you have that there is a market for these products or services, i.e. how do you know that purchases will be made?

5. Have any individuals or businesses formally agreed to purchase your product or service? ____ If so, please attach copy of agreements.

IMPORTANT – PLEASE READ CAREFULLY

1. This Statement is being submitted in conjunction with a request for an extension of business credit to _____ (name or person, firm, corporation, sole proprietorship, d/b/a, partnership, etc.).
2. If you are relying solely on your own income or assets in compiling this Statement to support any assets of the requested credit, including any guarantee, endorsement or other security, complete SECTIONS A and C only. If you are relying, in whole or in part, on the income or assets of another person, complete ALL SECTIONS, and furnish the requested information about such other person in Section B.
3. If you are completing all sections, indicate in Section C, where applicable, the income and/or asset ownership interests of the other person upon whom you are relying in whole or in part.

Section A.

Name: _____ Employer's Name: _____

Residence Address: _____ Employer's Address: _____

City, State & Zip: _____ City, State & Zip: _____

Residence Phone: _____ Title or Position: _____

Social Security No: _____ Business Phone: _____

Section B.

Name: _____ Employer's Name: _____

Residence Address: _____ Employer's Address: _____

City, State & Zip: _____ City, State & Zip: _____

Residence Phone: _____ Title or Position: _____

Social Security No: _____ Business Phone: _____

Section C: Financial Information

Assets		Liabilities	
Cash on hand and on deposit		Notes due within one year	
Marketable securities		Real estate mortgages	
Cash value life insurance		Installment	
Notes receivable		Other	
Other current assets - itemize		Accounts payable	
Total Current Assets		Taxes due or accrued	
		Other current liabilities- itemize	
		Total Current Liabilities	
Real estate		Note due after one year	
Personal property		Real estate mortgages	
Notes or mortgages receivable		Installment	
Investment in related companies		Other debt – itemize	
Other investments			
Other assets - itemize			
		Total Liabilities	
		Net Worth	
Total Assets		Total Liabilities & Net Worth	

BANK DEPOSITS – List all bank accounts, including savings accounts:

Name and Location of Bank	Cash Balance	Amount of Loan	Indicate How Loan is Endorsed, Guaranteed or Secured

MARKETABLE SECURITIES

Description of Security (Bonds, Face Value; Stocks, No Shares)	If Pledged – To Whom	Present Market Value	Present Loan Value	Payment Terms and Amount

LIFE INSURANCE – List all policies in which you are named as the Insured:

Beneficiary	Company	Type of Policy	Face Amount	Cash Surrender Value	Loans Against Policy	If Assigned, Indicate To Whom

REAL ESTATE

Description and Address	Title in Name Of	If Mortgaged, To Whom	Present Value	Present Mortgage Balance	Payment Terms and Amount

PERSONAL PROPERTY, EQUIPMENT, MOTOR VEHICLES, ETC

Description	If Mortgaged, To Whom	Present Value	Present Loan Balance	Payment Terms and Amount

NOTES PAYABLE (Not shown above)

Lender	Security (If Any)	Present Value	Present Loan Balance	Payment Terms and Amount

Accounts Payable (Name Four Largest Creditors)	Amount	Related Companies

Company Name: _____ Date: _____

ASSETS

CURRENT ASSETS

Cash	\$		Accounts Payable*	\$	
Accounts Receivable (net)	\$		Current Portion Long Term (due in 1 yr.)	\$	
Merchandise Inventory	\$		Other	\$	
Supplies	\$				
Prepaid Expenses	\$				
Total Current Assets	\$		Total Current Liabilities	\$	

LIABILITIES AND NET WORTH

CURRENT LIABILITIES

FIXED ASSETS

Fixtures & Leasehold Improvements	\$		Notes Payable	\$	
Building	\$		Bank Loan Payable	\$	
Equipment	\$		Other Loan Payable	\$	
Trucks/Auto	\$		Total-Long Term Liabilities	\$	
Less accumulated depreciation on fixed assets	\$		Total Liabilities	\$	
<u>Total Fixed Assets</u>	\$		Net Worth (Owner's Equity)	\$	
TOTAL ASSETS	\$		TOTAL LIABILITIES & NET WORTH	\$	

LONG-TERM LIABILITIES**

***Accounts Payable**

Name of Account	Amount
1. _____	\$ _____
2. _____	\$ _____
3. _____	\$ _____

****Long-Term Liabilities**

Name of Lender	Amount
1. _____	\$ _____
2. _____	\$ _____
3. _____	\$ _____

Report Period:

Previous
Twelve
Months

Projected
First
Year

Projected
Second
Year

Report Period:	Previous Twelve Months	Projected First Year	Projected Second Year
Revenue (Sales)			
Total Revenue (Sales)			
Cost of Sales			
Total Cost of Sales			
Gross Profit			
Expenses			
Salary Expense; Sales People Office and Other			
Payroll Expenses (taxes, etc.)			
Outside Services			
Supplies (office and operating)			
Repairs and Maintenance			
Advertising			
Car, Delivery, and Travel			
Accounting and Legal			
Rent			
Telephone/Cell Phone/Internet			
Utilities			
Insurance			
Taxes (real estate, etc.)			
Interest			
Depreciation			
Other Expenses (specify each)			
Miscellaneous (unspecified)			
Total Expenses			
Net Profit			

For the Year
Beg. End. Beg. End.

A. Net Income (Loss)	\$	\$
Add		
B. Itemized in Operations not Requiring Cash:		
1. Depreciation	\$	\$
2. Others:	\$	\$
C. Cash Provided From:		
1. Proceeds fro RLF loan	\$	\$
2. Proceeds from others	\$	\$
3. Increase (Decrease) in Accounts Payable, Accruals and other Current Liabilities	\$	\$
4. Decrease (Increase) in Accounts Receivable, Inventories and other Current Assets (Exclude Cash)	\$	\$
5. Others:	\$	\$
	\$	\$
D. Total all A, B, and C Items	\$	\$
E. Less Cash Expended for:		
1. All Construction, Equipment and New Capital Items (loan funds)	\$	\$
2. Replacement and Additions to Existing Property, Plant and Equipment	\$	\$
3. Principal Payment RLF Loan	\$	\$
4. Principal Payment Other Loans	\$	\$
5. Others:	\$	\$
6. Total 1 through 5	\$	\$
Add		
F. Beginning Cash Balance	\$	\$
G. Ending Cash Balance (Total of D minus E6 Plus F)	\$	\$
Item G Cash Balances Composed of:		
1. Construction Account	\$	\$
2. Revenue Account	\$	\$
3. Debt Payment Account	\$	\$
4. O & M Account	\$	\$
5. Reserve Account	\$	\$
6. Funded Depreciation Account	\$	\$
Others:	\$	\$
	\$	\$
Total – Agrees with Item G	\$	\$

Name: _____ Business: _____

Item	Model or Serial #	Cost	Market Value	Any Existing Liens?	Name of Lien Holder	Balance Owed	Will you offer as Collateral?	Will you use in Business?