

City of Hartington
LB840 (Local Option Municipal Economic Development Act)
Revolving Loan Fund (RLF) Loan & Grant Guidelines

General Community and Economic Development Strategy

Hartington's community and economic development strategy is to improve the quality of life for our citizens. This involves building on our strengths, promoting our existing businesses, working to retain existing jobs, expanding current businesses, promoting entrepreneurship, and recruiting new businesses. We also need to strengthen our work force, develop community resources, attract new capital investment, broaden the community's tax base, and provide local community services needed to maintain a good quality life.

General Intent and Proposed Goals

It is the intent of the City of Hartington to implement an economic development program, the purpose and goals of which will be to:

- Provide financing for the creation and retention of jobs and generate employment opportunities within the area labor market;
- attract new capital investment to the community;
- encourage the redevelopment of vacant or blighted buildings and land;
- promote entrepreneurship and new business development;
- provide necessary public infrastructure to business and industry; broaden the tax base; and provide economic diversification to ensure economic stability and vitality for the City of Hartington and the surrounding area.

TYPE OF PLAN: Local

Business applicants must reside within the corporate limits/zoning jurisdiction of Hartington, Nebraska.

Eligible Businesses

Any corporation, partnership, limited liability company, sole proprietorship, or non-profit, without regard to its principal source of income, shall be a qualifying business.

Eligible Activities

Eligible activities shall include any project or program for the purpose of providing direct or indirect financial assistance to a qualifying business and the payment of related costs and expenses.

Examples of eligible activities include, but are not limited to:

- 1) The purchase of real estate, options for such purchases, and the renewal or extension of such options;
 - Acquisition of land and building
 - Construction or renovation of real estate either leased or owned
- 2) Public works improvements essential to the location or expansion of a qualifying business;
- 3) Expenses for locating a qualifying business into the area or relocating an existing business to a more suitable location;
- 4) Job creation incentives;
- 5) Grants to qualifying businesses;
- 6) Loans to qualifying businesses;
- 7) Loan guarantees to qualifying businesses;
- 8) The provisions of technical assistance such as marketing assistance, management counseling, preparing business plans, engineering assistance, recruitment activities, etc.;
- 9) Job training grants or agreements;
- 10) Tourism promotion related activities;
- 11) Acquisition of machinery, equipment, property or services;
- 12) Working Capital;
- 13) Equity Investment;

- 14) All other activities allowed by law, both now and through future amendments to the Local Option Municipal Economic Development Act.

For direct loans, no application shall provide more than fifty (50%) percent of the cost of fixed assets to be purchased and/or working capital including interim financing (required by the project). An applicant must provide equity participation and evidence of the ability to participate. The minimum participation amounts shall be equal to ten (10%) percent of the total project cost for projects including expansion of an existing business (existing at least three years) or twenty (20%) percent of the total project cost of a start-up business (to be created or existing less than three years). In the event such funds are used to guarantee a loan no equity participation shall be required of applicant, but applicant shall endeavor to provide as much equity for such purpose as is possible. The application shall state the proposed terms of the loan. Hartington reserves the right to negotiate the amount, and term of the loan with the applicant. The interest rate shall be 0%. The maximum amount of loan assistance will be \$50,000.

A grant may be considered based on the scope of the project and at the discretion of the RLF committee with the City of Hartington's final approval.

Terms of the loan are dependent upon the type of financing provided and in no case shall the term exceed useful life of assets finances. Standards for terms shall be:

- 1) Working capital – up to 3 years
- 2) Machinery and equipment – up to 10 years
- 3) Land and buildings – up to 15 years

It should be noted that the above guidelines are established as a reference standard and may be amended or waived on a case-by-case basis, depending on the impact the business may have on the economy.

Financial Assistance Application Process

To be considered for direct financial assistance under the Hartington Economic Development Program, an applicant must provide the Application Form and the required listing of documents. Additional information, to determine the economic viability of the proposed project(s), may be requested.

Generally, applications will be reviewed in the order in which they are received. When an application is received that is deemed "urgent" by the Program Administrator, it may be reviewed and approved, before other applications received. Other pending applications will then be addressed in a timely manner.

A 1% application fee (percentage of loan amount approved) is required up front upon approval of the loan.

Businesses may obtain an application from the Hartington City Clerk's office or the Hartington Economic Development Coordinator during normal business hours.

Review of Application: Hartington will utilize an advisory body consisting of the Mayor, a City Council member, two members of the Hartington Community Development Corp., one local banker, and the Hartington Community Development Corp. Econ. Dev. Coord., and one attorney. The advisory body shall 1) meet with the applicant, if necessary, 2) accept additional information, 3) accept recommendations from the program administrator, 4) consider and make recommendations for changes to the original application, and 5) determine that the activities are eligible as required in this plan and by other federal and state requirements.

Determination: Hartington shall receive a recommendation from the advisory body and with the information provided make final determination on the project.

City of Hartington LB840 Loan Application

Please Answer Every Question (if question does not apply, mark NA).

A. BUSINESS (BORROWER) INFORMATION:

Name of Business to Receive Assistance: _____

Federal ID #: _____

Address: _____

City State Zip

Contact Person: _____ Telephone No.() FAX No.()

Business Classification (Enter Primary SIC Code):
___ Manufacturing ___ Warehousing & Distribution
___ Service ___ Research & Development
___ Administrative Management Headquarters

Business Organization: ___ Proprietorship ___ Corporation
___ Partnership ___ Other

Does the Company have a Parent or Subsidiaries? ___ Yes ___ No

If Yes, Identify Name: _____

Address: _____

City State Zip

Business Type ___ Start-up (0-5 yrs old) ___ Buy Out
___ Existing If Existing, years in Business ___

Ownership Identification: List all officers, directors, partners, owner, co-owners and all stockholders with 20% or more of the stock. Enter under Minority Code, a “1” if the person identified is a woman; a “2” if a member of a minority group; and “3” if a disabled person.

Name	Title	Ownership %	Male/Female	Minority Code
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

B. PERSONNEL: (Full-Time-Equivalent, FTE is based upon 2,080 hours per year.)

Existing Number of Full Time Equivalent Positions: _____

Full-Time-Equivalent Positions to be Created within 18 months of Application Approval: _____

Total Number of Seasonal Full-Time-Equivalent Jobs Created
(i.e. Jobs which will be available for at least 3 continuous months and recur annually): _____

Total Number of Full-Time-Equivalent Jobs Retained: _____

Number of Jobs Lost Without Loan Approval: _____

C. FINANCIAL NEED

TOTAL Project Cost Estimate: _____

Date funds are needed: _____

Investment to be made by Applicant (Amount & Source): _____

List the loan(s) to be obtained for the project (Amount & Funding Name): _____

D. PROJECT INFORMATION

USES OF FUNDS:

Total Project Cost

LB840 Funds Requested

Land Acquisition

Building Acquisition

Renovation

New Facility Construction

Acquisition of Machinery/Equipment

Acquisition of Furniture/Fixtures

Working Capital (Includes Inventory)

Other (Specify)

TOTAL:

E. SOURCES OF FUNDS:

Note: Public sources of financing require the participation of a Bank and/or an injection of equity (non-debt) funds.

Participating Lender Information:

Name of Lending Institution: _____
Contact Person: _____ Phone () _____
Loan Amount: _____ Loan Term: (Yrs) _____
Interest Rate: _____ % _____ Variable _____ Fixed
Collateral Required: _____ Equity Required: _____

F. EQUITY INFORMATION:

Amount available from business or owners for investment: \$ _____

Source of owner's equity into project: _____

Project Location: _____ Within the City Limits and within the Zoning Jurisdiction of 1 mile of (Name of City): _____

G. ATTACH THE FOLLOWING:

(1) Brief description of the business' history. (may refer to Business Plan if available) _____

(2) Brief description of the proposed project. (may refer to Business Plan if available) _____

- (3) **Existing Businesses:** Provide two (2) year historical balance sheets and operating statements. Current statements less than 60 days old. (if existing business is being purchased, get these from seller, if possible).
 Start-up business: Provide projected year-end statements for first one (1) year of operation.
- (4) Business Plan (for new business)
- (5) Personal Financial Statement for each person owning 20% or more of the business (See attached form)
- (6) Credit Report from Credit Reporting Agency. Contact your bank for information.
- (7) Last two (2) years tax returns (Business and Personal).
- (8) Other documentation maybe requested.
- (9) Upon loan approval, a Compliance Form will be due biannually.

Once all documents have been received, the Hartington staff will review the application to determine if it meets the eligibility requirements to be considered by the loan committee.

Signatures – I certify that everything I have stated in this application and on any attachments is correct. By signing below, I authorize you to check my credit and employment history and to answer questions others may ask you about my credit record with you. I understand that I must update credit information at your request if my financial condition changes.

 Applicant's Signature Date

 Other Signature Date
(If Applicable)



PERSONAL FINANCIAL STATEMENT

U.S. SMALL BUSINESS ADMINISTRATION

As of _____, _____

Complete this form for: (1) each proprietor, or (2) each limited partner who owns 20% or more interest and each general partner, or (3) each stockholder owning 20% or more of voting stock, or (4) any person or entity providing a guaranty on the loan.

Name	Business Phone
Residence Address	Residence Phone
City, State, & Zip Code	
Business Name of Applicant/Borrower	

ASSETS		(Omit Cents)	LIABILITIES		(Omit Cents)
Cash on hand & in Banks	\$	_____	Accounts Payable	\$	_____
Savings Accounts	\$	_____	Notes Payable to Banks and Others	\$	_____
IRA or Other Retirement Account	\$	_____	(Describe in Section 2)		
Accounts & Notes Receivable	\$	_____	Installment Account (Auto)	\$	_____
Life Insurance-Cash Surrender Value Only	\$	_____	Mo. Payments \$ _____		
(Complete Section 8)			Installment Account (Other)	\$	_____
Stocks and Bonds	\$	_____	Mo. Payments \$ _____		
(Describe in Section 3)			Loan on Life Insurance	\$	_____
Real Estate	\$	_____	Mortgages on Real Estate	\$	_____
(Describe in Section 4)			(Describe in Section 4)		
Automobile-Present Value	\$	_____	Unpaid Taxes	\$	_____
Other Personal Property	\$	_____	(Describe in Section 6)		
(Describe in Section 5)			Other Liabilities	\$	_____
Other Assets	\$	_____	(Describe in Section 7)		
(Describe in Section 5)			Total Liabilities	\$	_____
Total	\$	_____	Net Worth	\$	_____
			Total	\$	_____

Section 1. Source of Income	Contingent Liabilities
Salary	As Endorser or Co-Maker
Net Investment Income	Legal Claims & Judgments
Real Estate Income	Provision for Federal Income Tax
Other Income (Describe below)*	Other Special Debt

Description of Other Income in Section 1.

*Alimony or child support payments need not be disclosed in "Other Income" unless it is desired to have such payments counted toward total income.

Section 2. Notes Payable to Banks and Others. (Use attachments if necessary. Each attachment must be identified as a part of this statement and signed.)

Name and Address of Noteholder(s)	Original Balance	Current Balance	Payment Amount	Frequency (monthly, etc.)	How Secured or Endorsed Type of Collateral

Section 3. Stocks and Bonds. (Use attachments if necessary. Each attachment must be identified as a part of this statement and signed).

Number of Shares	Name of Securities	Cost	Market Value Quotation/Exchange	Date of Quotation/Exchange	Total Value

Section 4. Real Estate Owned. (List each parcel separately. Use attachment if necessary. Each attachment must be identified as a part of this statement and signed.)

	Property A	Property B	Property C
Type of Property			
Address			
Date Purchased			
Original Cost			
Present Market Value			
Name & Address of Mortgage Holder			
Mortgage Account Number			
Mortgage Balance			
Amount of Payment per Month/Year			
Status of Mortgage			

Section 5. Other Personal Property and Other Assets. (Describe, and if any is pledged as security, state name and address of lien holder, amount of lien, terms of payment and if delinquent, describe delinquency)

Section 6. Unpaid Taxes. (Describe in detail, as to type, to whom payable, when due, amount, and to what property, if any, a tax lien attaches.)

Section 7. Other Liabilities. (Describe in detail.)

Section 8. Life Insurance Held. (Give face amount and cash surrender value of policies - name of insurance company and beneficiaries)

I authorize SBA/Lender to make inquiries as necessary to verify the accuracy of the statements made and to determine my creditworthiness. I certify the above and the statements contained in the attachments are true and accurate as of the stated date(s). These statements are made for the purpose of either obtaining a loan or guaranteeing a loan. I understand FALSE statements may result in forfeiture of benefits and possible prosecution by the U.S. Attorney General (Reference 18 U.S.C. 1001).

Signature: _____ Date: _____ Social Security Number: _____

Signature: _____ Date: _____ Social Security Number: _____

PLEASE NOTE: The estimated average burden hours for the completion of this form is 1.5 hours per response. If you have questions or comments concerning this estimate or any other aspect of this information, please contact Chief, Administrative Branch, U.S. Small Business Administration, Washington, D.C. 20416, and Clearance Officer, Paper Reduction Project (3245-0188), Office of Management and Budget, Washington, D.C. 20503. **PLEASE DO NOT SEND FORMS TO OMB.**