



MICRO LOAN PROGRAM MANUAL

Oconto County Economic Development Corporation (OCEDC)

FOR MORE INFORMATION, CONTACT:

OCONTO COUNTY ECONOMIC DEVELOPMENT CORPORATION (OCEDC)

**1113 MAIN STREET
OCONTO, WI 54153**

PHONE: 920-834-6969

www.ocontocounty.org

**PAUL W. EHRFURTH, EXECUTIVE DIRECTOR
pehrfurth@ocontocounty.org**

**ASHLEY BAHRKE, OPERATIONS MANAGER
abahrke@ocontocounty.org**

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OCEDC Micro Loan Program

Purpose

The OCEDC Micro Loan Program is designed to provide small loans to start-up, newly established, or growing small business concerns. A key objective of the program is to assist business owners, who have traditionally had difficulty accessing debt financing, by affording them another alternative for obtaining credit.

Eligibility

Each applicant is expected to have good character, a strong commitment to their business idea, signs of feasibility and economic viability, and a credit history to suggest a reasonable assurance that the loan will be repaid. The applicant should have some management skills or relevant industry experience to support the project's purpose.

Eligible applicants cannot have annual gross sales over \$1,000,000 each year of the past two years and must have fewer than 25 employees.

Applicants cannot apply for a second micro loan unless the first micro loan is fully repaid.

Private funds must be invested, but there are no minimum matching requirements.

Only businesses that operate in Oconto County are eligible for the program. All municipalities within Oconto County are considered eligible communities and may refer applicants to the Micro Loan Program.

Use of Funds

Loan funds can be used for working capital, inventory purchases, machinery and equipment, furniture, fixtures, supplies, leasehold improvements, building renovation/rehabilitation, real estate acquisition, exterior or facade improvements, and natural disaster recovery.

Ineligible Activities

- a. Residential building construction or reconstruction (unless such reconstruction is intended to convert the building to a business or industrial operation)
- b. Non-business expenses
- c. Routine maintenance
- d. Relocation of a business from one community within the county to another community within the county without extenuating circumstances
- e. Other activities the OCEDC or the Micro Loan Committee may identify during the administration of the program

Ineligible Businesses

- a. Gambling activities including any business whose principal activity is gambling
- b. Adult book/novelty stores, adult/companion escort, or adult entertainment services
- c. Night clubs and bars without food service, except for façade loans
- d. Businesses not serving the interests of Oconto County
- e. Real estate investment speculation
- f. Any ineligible business or activity as stated in the Rural Business Development Grant Program Instruction 4280-E

Terms and Conditions

Loan Size:	\$1,000 to \$10,000
Loan Term:	Cannot exceed five (5) years.
Interest Rate:	Fixed interest rate for the term of the loan at 3%.
Matching Funds:	Loan participant must provide matching funds of at least 25% of the total project cost.
Prepayment Penalty:	None
Collateral:	Collateral is required and will usually take the form of a security interest in all of the applicant's unencumbered assets. Real estate, equipment, inventory and receivables are common assets pledged.
Guarantees:	Unlimited personal guarantees are required from any person with a 20% or greater ownership interest in the business.
Payment Deferral:	Deferral of principal payments may be allowed for up to 12 months.
Fee:	The processing fee is \$50.00, and is due at closing.

Application

Applicants must submit a complete application (attached) and all required attachments to the OCEDC by personal delivery, by USPS mail or by email, at:

Oconto County Economic Development Corporation (OCEDC)
1113 Main Street
Oconto, WI 54153-0043
pehrfurth@ocontocounty.org

Review & Approval

The OCEDC will review the application for eligibility and completeness. Once determined complete and eligible the review process will begin. Once fully reviewed by OCEDC the application will be forwarded to the Micro Loan Committee for review.

The OCEDC will schedule a Micro Loan Committee meeting to review and formally act on the application. The applicant(s) are required to attend the Micro Loan Committee meeting and present the project for which funding is requested. If the Micro Loan Committee approves the application, it will then be forwarded to the USDA for approval, (as the USDA is a source of funding for the Micro Loan Program). The application will then be reviewed and approved by the OCEDC Board of Directors. Final loan approval authority resides solely with the OCEDC Board of Directors and cannot be delegated to another entity.

The OCEDC and the Micro Loan Committee will conduct basic financial underwriting prior to approving loans. Underwriting objectives are to ensure that:

- a. The recipient can repay the proposed loan
- b. Project costs are reasonable
- c. All sources of project financing are committed
- d. Private capital is invested
- e. The project is financially feasible
- f. To the extent practicable, the return on the owner's equity investment will not be unreasonably high

If the loan is for a project that includes exterior or façade work, the loan commitment may be subject to approval of the appropriate unit of local government.

If the loan is approved, the Micro Loan Committee will sign and return the Micro Loan Committee Approval statement (attached) with the terms and conditions of the loan.

Loan Closing

If the applicant accepts the loan terms and conditions, the OCEDC will close the loan, disburse funds, and service the loan. The time frame from receipt of application to the date of closing should be expected to take approximately 60 days.

Loan Servicing

The OCEDC shall service the loan according to the following servicing guidelines:

- a. The loan administrator shall monitor each loan to ensure compliance with the loan terms and conditions and to monitor the financial health of the business to ensure continued repayment of the loan.
- b. Loan financial management records will include the following information:
 - i. A Loan Fund Register that records all deposits and disbursements to and from the Micro Loan Program
 - ii. A Loan Client Repayment Register will be maintained for each business which has received a loan from the Micro Loan Program. Each register contains the business name, loan date, loan amount, terms and date repayment begins. Payments are divided into principal and interest payments.

Micro Loan Committee

The Micro Loan Committee will be responsible for the review and approval, or denial of loan applications. Members will adhere to the requirements established by the program. A majority of the committee must approve any action.

The Micro Loan Committee shall consist of five (5) members, at least two of which shall be commercial lenders.

Underwriting Guidelines

Underwriting a Micro Loan application should rely most heavily upon the character of the business owner(s) and the historical and/or projected cash flow of the business. Character can be assessed via personal references, credit checks, or by other means where appropriate. The Micro Loan Committee shall confirm that the applicant has a strong commitment to the business and willingness to repay the note. The lenders on the committee shall confirm that the business cash flows sufficiently to repay the proposed debt. Collateral and capital shall be considered, but shall not be of overriding concern when rendering a decision. Most often the collateral will be insufficient to cover the outstanding debt in the case of liquidation.

Program Guidelines

Amendments

Amendments to the RLF program will be made by the OCEDC Board of Directors and submitted to USDA Rural Development for approval.

Conflict of Interest

Projects are ineligible if any person of the Oconto County Economic Development Corporation, its officials, supervisory employees, subsidiary or affiliated organizations, has a financial interest in the project or would otherwise create or appear to create a conflict of interest.

Nondiscrimination Policy

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by:

- (1) mail: U.S. Department of Agriculture
Office of the Assistant Secretary for Civil Rights
1400 Independence Avenue, SW
Washington, D.C. 20250-9410;
- (2) fax: (202) 690-7442; or
- (3) email: program.intake@usda.gov.

This institution is an equal opportunity provider.

Micro Loan Committee Approval

The Micro Loan Committee has –

- conducted basic financial underwriting prior to approval and has determined the recipient can pay the proposed assistance;
- determined project costs are reasonable and all sources of project financing are committed;
- determined private capital is invested; and
- determined the project does not enable a business to compete unfairly with existing businesses in the community offering similar goods or services.

LOAN TERMS AND CONDITIONS

Business Name:

Amount of Loan:

Purpose:

Term:

Amortization:

Repayment:

Interest Rate:

Security: check all that apply

- Purchase money security in the equipment as described as:
- A lien on all business assets
- Real estate mortgage on property described as:
- Personal Guarantees (required on all owners of 20% or greater)
- Additional security described as:

Additional Conditions:

Exceptions:

Approved: _____ Denied: _____ Date: _____

Committee Members Initials:

OCEDC Micro Loan Program Application

Date of Application:

Company Name:

Date:

Established:

Type of Company/Organization: LLC

LLP

Partnership

S Corporation

C Corporation

Sole Proprietorship

Non-Profit Organization

Company Mailing Address:

Project Address (if different):

Contact Person:

Title:

Telephone Number:

Company Tax ID #:

Email Address:

Company Website:

Management Information - all owner(s), officer(s), director(s), and shareholder(s) who own 20% or more of the company)*

Name	Title	% Ownership	Minority Owner	Woman Owner

***Personal financial statements** and **tax returns** are required for those with 20% or greater ownership interest. The OCEDC reserves the right to obtain **credit reports** on any business or individual in connection with this application.

Bank Information

Name of Lead Bank:

Contact Person:

Phone Number:

E-mail Address:

Micro Loan Amount and Terms Requested:

Amount of Loan: \$

Repayment Terms:

Anticipated Uses and Sources of All Project Funds

Sources include the loan you are requesting from the OCEDC plus any other financing that will go into the project, including but not limited to bank financing and owner cash. Uses include equipment purchases, working capital, construction costs, etc. The total sources must equal the total uses.

Source(s)	Use(s)	Amount (\$)
<u>Existing and Projected Employment</u>		
Total:	Total:	

Number of Existing Employees				Projected Job Creation				
Full Time	Part Time	Women	Minorities	Year One		Year Two		Total Created
				Full Time	Part Time	Full Time	Part Time	

The following exhibits must be completed where applicable and included as part of your application.

The OCEDC reserves the right to request additional information above and beyond this list.

Business Plan. At a minimum this should include-
 a brief business description and company history;
 a project summary;
 a discussion of the business industry, sales, markets and competition; and
 a summary/resume of all those listed under "Management".

Business Tax return and balance sheet/profit and loss statement for the last two years, and for an interim period not less than ninety days from date of application with schedule of business debt.

Balance sheet/profit and loss statement projections for two years from date of application.

Personal financial statement of principal owners and first two pages of most recent income tax return (all owners with 20% or more ownership).

Please answer the following questions:

- Has the company, any officer, subsidiary or affiliate of your company been involved in any bankruptcy or insolvency proceedings in the last 36 months?
Yes No If yes, please provide the details as a separate exhibit.

2. Has the company, any officer, subsidiary or affiliate of your company been involved in any lawsuits in the last 36 months?

Yes No If yes, please provide the details as a separate exhibit.

3. Does the company, any officer, subsidiary or affiliate have any outstanding tax liens?

Yes No If yes, please provide the details as a separate exhibit.

4. Does the company, owner(s), or member of Management Team have a controlling interest in other businesses?

Yes No If yes, please provide their names and relationship with your company along with a current balance sheet and income statement for each as a separate exhibit.

5. Does your company buy from, sell to, or use the services of any concern in which owner(s), shareholder(s) or member(s) of the management team have a significant financial interest?

Yes No If yes, please provide the details as a separate exhibit.

6. Are any of the individuals listed under "Management" on parole or probation?

Yes No If yes, please provide the details as a separate exhibit.

7. Have any of the individuals listed under "Management" been convicted of a crime?

Yes No If yes, please provide the details as a separate exhibit.

By signing below the applicant-

- certifies that to the best of its knowledge and belief, the information being submitted to the OCEDC is true and correct;
- certifies that the applicant is in compliance with all laws, regulations, ordinances, and orders of public authorities applicable to it;
- certifies that the applicant is not in default under the terms and conditions of any grant or loan agreements, leases, or financing arrangements with its other creditors;
- certifies that the OCEDC is authorized to obtain a credit check on any principal or business associated with this application for the purposes of determining credit worthiness;
- agrees to reimburse the OCEDC for any reasonable expenses made in connection with this loan request, including, but not limited to, title work, legal fees, appraisals, recording/filing fees, etc.;
- certifies the applicant has disclosed and will continue to disclose any occurrence or event that could have an adverse material impact on the project. Adverse material impact includes but is not limited to lawsuits, criminal or civil actions, bankruptcy proceedings, regulatory intervention or inadequate capital to complete the project.
- The applicant hereby agrees to the Non Discrimination Statement included at the end of the application.

Signature _____ Title:

Typed Name:

Date: _____ Social Security # _____

Signature _____ Title:

Typed Name:

Date: _____ Social Security # _____

Nondiscrimination Statement

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

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