

Business Development Loan Pool (BDLP)

Guidelines & Application



Business Development Loan Pool Summary

PARTICIPATING PARTNERS

- Community Development Authority of the Village of Menomonee Falls (CDA)
- Bank Five Nine

FUNDING SOURCE

- Public Bank Consortium

DESCRIPTION

The Business Development Loan Pool (BDLP) is a revolving loan fund designed to provide low cost loans for start-up costs for new businesses and/or expansion costs for existing businesses located in Tax Incremental District No. 6 or No. 9 in the Village of Menomonee Falls, Wisconsin.

ELIGIBLE ACTIVITIES

Eligible expenses include loans for the following:

- Building improvements, renovation or new construction
- Land or building acquisition
- Equipment purchase
- Costs associated with environmental and/or safety compliance
- Costs associated with the redevelopment of blighted or vacant land and facilities

INELIGIBLE ACTIVITIES

Ineligible expenses include loans for the following:

- Refinancing of existing debt or the interest payments on existing debt
- Improvements completed prior to loan approval
- Paying of taxes
- Contributing equity required of borrowers participating in other loan programs.
- Investing in interest bearing accounts, certificates of deposits, or other investments not related to job creation/retention
- Purchasing or financing equity in private businesses
- Subsidizing interest payments on existing loans
- Loans which would create a potential conflict of interest
- Loans for the purpose of speculative activities

APPLICATIONS

Applications are available at:

- Bank Five Nine, N56W14044 Silver Spring Drive
- By contacting Matt Carran, Director of Economic Development and Tourism with the Village of Menomonee Falls, at (262) 532-4252 or mcarran@menomonee-falls.org, or
- By contacting Michelle Frie, Downtown Business Improvement District Manager, at (262) 251-8797 or info@menomoneefallsdowntown.com.

Business Development Loan Pool Overview

I. Introduction

Bank Five Nine committed \$350,000 to establish a loan pool to encourage business development and revitalization in Tax Incremental Districts No. 6 and No. 9 in the Village of Menomonee Falls. The loan proceeds are utilized to fund a wide variety of commercial projects ranging from assisting new businesses locating in these Districts with startup costs, to helping existing businesses with renovations or expansion plans. The loans will carry below market rates and favorable terms.

The program is designed to encourage new investment in commercial and mixed-use projects by property owners and/or tenants.

II. Program Description

The Menomonee Falls Business Development Loan Pool (BDLP) is a pool of money made available by Bank Five Nine for the purpose of making loans to achieve economic benefits.

Economic benefits are defined as:

- Business development, including the start-up or expansion;
- Business and job retention;
- Redevelopment of blighted land and vacant facilities for a mixed-use residential, commercial, or business purpose;
- Modernization and rehabilitation of existing mixed-use residential or commercial properties;
- Support for the use of new technologies, growth industries and/or high-tech firms.

In general, lending policies and financing techniques will include, but are not limited to:

- Providing below market interest rates;
- Providing longer term loans than are traditionally available for a particular type of financing;
- Reducing the risk for non-participating commercial lenders by providing subordinate financing.

III. Eligibility Requirements

Eligible BDLP projects must meet the following basic program eligibility requirements:

A. Eligible Areas

Eligible projects must be located in Tax Incremental District No. 6 or Tax Incremental District No. 9, as outlined on the front cover.

B. Eligible Applicants

In order to be eligible for the program, an applicant and the proposed project must meet at least the following criteria:

1. The applicant must own or have a legal option to purchase the subject property, or have a Lease or an Agreement to Lease equal to, or greater than, the term of the loan. Proof of the length of the Lease or Agreement must be furnished. (A signed, notarized copy of the Lease or Agreement will be considered proof)

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2. The applicant must demonstrate that there are adequate resources available to complete the project and create economic benefit. This will include proof of a commitment for financing, along with the necessary equity required by the primary lender(s). A current business plan must be submitted as part of the application process.
3. The taxes on the subject property must be up to date prior to the final approval by the CDA and remain current for the length of the term of the loan.
4. If the project is for construction financing, plans and specifications must show the property will be substantially improved, and all reasonably usable space within the structure will be returned to a state of utility through repair or alteration.
5. An applicant is only eligible for the BDLP program when full private financing or credit is not otherwise available on terms and conditions which would permit completion and/or the successful operation or accomplishment of the project to be financed.
6. The applicant and guarantors, if applicable, will have no concurrent interest in any other project receiving assistance through the program.
7. The applicant and guarantors, if applicable, must have a satisfactory credit history.

C. Eligible Loan Activities

1. Fixed asset loans for the acquisition and/or improvement of land, buildings, and equipment, including new construction or renovation of existing facilities, demolition and site preparation and environmental or safety compliance.

D. Ineligible Loan Activities

1. Loans for the purpose of investing in interest bearing accounts, certificates of deposits, or other investments not related to job creation/retention.
2. Loans which would create a potential conflict of interest.
3. Loans for the purpose of speculative activities.
4. Loans for the purpose of purchase or finance equity in private businesses.
5. Loans for the purpose of subsidizing interest payments on existing loans.
6. Loans for the purpose of refinancing loans made by other lenders.
7. Loans for the purpose of payment of taxes.
8. Loans for projects completed prior to BDLP program approval.

Business Development Loan Pool Overview

IV. Loan Review Criteria

In general, Bank Five Nine and the CDA will consider the following priorities and conditions when reviewing an application for financing:

- A. Priority to businesses and developers looking to invest in Tax Incremental District No. 6 or Tax Incremental District No. 9 that furthers the planning goals and objectives to make these Districts pedestrian oriented, mixed-use neighborhoods with vibrant commercial activities.
- B. Priority based on job retention or new job creation through capitalization of start-ups, business expansion, or retention of businesses.
- C. Priority to business which will attract large numbers of people to Tax Incremental District No. 6 or Tax Incremental District No. 9.
- D. Priority to businesses looking to locate in vacant properties in Tax Incremental District No. 6 or Tax Incremental District No. 9.
- E. Priority based on security and repayment strength.

V. Loan Terms

It is the goal of the program to remain as flexible as possible in working with the individual needs of applicants. Therefore, the minimum/maximum loan amount, interest rate, term, and collateral will be negotiated, on a case by case basis, with the Participating Partners. The minimum loan amount shall not be less than \$10,000 and the maximum loan shall not be greater than \$25,000 subject to the availability of funds in the Pool.

In the determination of collateral requirements, the Participating Partners will consider the merits and potential economic benefits of each application. When appropriate and practical, BDLP financing may be secured by liens or assignments of rights in assets of assisted firms as follows:

- A. In order to encourage financial participation in a direct fixed asset loan project by other lenders and investors, the term of the BDLP program may be for a longer period than that of the other lender(s). The lien position of the BDLP loan may be subordinate to pre-existing or concurrent debt, and made inferior to the lien, or liens, securing other loans made in connection with the project.
- B. In projects involving direct working capital loans, the BDLP program will normally obtain collateral such as liens on inventories, receivables, fixed assets and/or other available assets of borrowers. Such liens may be subordinate only to existing liens of record and other loans involved in the project.
- C. In projects involving fixed asset loans, the BDLP program normally will obtain collateral on the asset(s) to be financed as well as other assets of the company, as appropriate.
- D. In projects involving guaranteed loans in the revolving phase, the lending institution ordinarily will

Business Development Loan Pool Overview

be required to maintain a collateral position, to which the BDLP loan is subrogated, in the assets of the borrower and/or principals of the borrower such as by taking liens on inventories, receivables, fixed assets, and/or other available assets of borrowers.

- E. In addition to the above types of security, the BDLP program may also require security in the form of assignments of patents and licenses, leases or stock certificates, and such other additional security as the grantee determines is necessary exposure.
- F. The BDLP program should ensure that the borrower obtains adequate hazard and other forms of insurance, as appropriate. The BDLP program also will obtain a lender's loss payable endorsement on that insurance.
- G. BDLP loan requests submitted by closely held corporations, partnerships, or proprietorships dependent for their continuing success on certain individuals will ordinarily be expected to provide and assign to the BDLP life insurance on these key persons. Personal guarantees will be required from principal owners.

VI. Application Process

- A. An application is to be completed by the applicant and submitted to the Director of Economic Development and Tourism. The preliminary application will be reviewed for completeness and eligibility by Village Staff.
- B. All complete and eligible applications will be reviewed by the Village of Menominee Falls Community Development Authority (CDA) following recommendations from Village Staff.
- C. All CDA approvals shall be subject to the approval by Bank Five Nine. Terms and conditions of an approved project will be established as part of the final loan approval process.
- D. The BDLP loan processing and servicing will be handled by Bank Five Nine.



BUSINESS LOAN POOL PROGRAM APPLICATION

I. Applicant Information

Name: _____ Phone: _____

Home Address: _____

II. Proposed Project

Legal Name of Business: _____

Business Address: _____

Contact Person: _____ Phone: _____

Type of Business: _____

Year Business was Established: _____

Years Under Current Management: _____

Number of Employees: _____

Business Ownership:

Sole Proprietorship Corporation General Partnership

Limited Liability Co. "S" Corporation Limited Partnership

Present Landlord:

Name: _____

Title: _____

Lease Expiration: _____ Current Rent: \$ _____

Any relationship between business and landlord? Yes No

III. Loan Requests

Amount Requested: \$

Term Requested:

Describe the general purpose of this loan:

How will business repay this loan?

Is business subject to either seasonal or cyclical cash flow variations? Yes No

If yes, please explain:

IV. Purpose of Loan

Describe the scope of the work which these funds are proposed for and anticipated benefits to be realized from the proposed project. Please be as specific as possible by presenting a detailed outline of all proposed work, including all renovations, equipment, start-up costs, and training costs, etc. If applicable, the design proposal should accompany the application.

V. Financial Information

Please provide a copy of lease or purchase/sales agreement, if applicable.

Please provide business financial statements for the past three (3) years if the business is already in existence. If the business is new, a business plan is required which must include projections at least two years in the future.

Please provide interim financial statements if six (6) months have passed since the last fiscal year-end.

Please provide business tax returns for the past three (3) years, including all schedules.

Please provide a Personal Financial Statement for each proposed borrower, owner, partner, or guarantor.

Please provide personal income tax returns for the past three (3) years, including all schedules, for each proposed borrower, owner, partner, or guarantor.

All tax returns and personal financial statements should be sent directly to:

**Bank Five Nine
c/o Gus Straub
N56W14044 Silver Spring Drive
Suite 100
Menomonee Falls, WI 53051**

Or email gus.straub@bankfivenine.com.

Please read:

The information contained in this application is provided to induce the Business Development Loan Pool (BDLP) program to extend credit to you. You acknowledge and understand that BDLP program is relying on the information provided in this application in deciding whether to extend credit to the applicant. Each of you represent, warrant and certify that the information provided in this application is true, correct and complete. Each of you agree to notify Bank Five Nine immediately of any materially adverse change in:

1. Any of the information contained in this application, or
2. Your or any proposed guarantor's financial condition.

Bank Five Nine is authorized to make all inquiries it deems necessary to verify the accuracy of the information contained in this application. You authorize any person or credit reporting agency to give Bank Five Nine any information it may have about you. Each of you signing below do authorize Bank Five Nine to obtain credit checks on you, including consumer credit checks through credit reporting agencies and direct inquiries of business(es) where you have accounts, where you worked or other sources;

- a) To contact these sources at any time whether before, during or after the term of any agreement between you and the BDLP program to update information or to assist the BDLP program in enforcing any obligations you owe to the BDLP program; and
- b) To properly report any performance with regard to credit extended to anyone who may properly receive such information.

Please sign here:

Corporation or partnership application: Individual / Sole Proprietor / Guarantor

Name of Entity

Authorized Signature

Print Name

Title

Date