
**CITY OF FOREST CITY
BUSINESS LOAN PROGRAM**

Amended 10-5-2015

Section 1

Purpose

The purpose of the Revolving Loan Fund is to assist in the creation and expansion of small business in Forest City.

Eligibility

1. **Business Location:** The business or proposed business must be located within the City limits of Forest City.
2. **Who May Apply:** Persons 18 years and older may apply.
3. **Other Requirements:** Applicants are allowed one loan per business per lifetime of the business. In the event of a second, separate business started, applicant must have any City loan paid off and be in good standing with the City.

Loan Program

1. Applications may be picked up at City Hall or the Forest City Economic Development Office.
2. **Maximum Funding Levels:** The maximum loan shall not exceed \$15,000. The City Council may waive this maximum upon review of an application which in the determination of the City Council, there are significant factors regarding the economic impact the project brings to the community.
3. **Interest Rates:** The interest rate charged shall not exceed 5% per annum or be less than 0% per annum. Under no circumstance shall the loan program fund 100% of a project.
4. Current rates are 3 yr. fixed-fully amortizing 3%- 5 yr. 3.25% - 7 yr. 3.75% - 10 yr. with 5 yr. balloon 3.5%. Rates are subject to change and are estimated to be 1% under market. In the event an application otherwise may be bank funded, the interest rate may be set at the bank rate approved.
5. **Eligible Use of Funds:** Awards of funds under this program shall be used for legitimate business expenses including but not limited to the following purposes:
 - a. Purchase of equipment, furnishings, and/or inventory
 - b. Purchase of and improvements to land and/or buildings
 - c. Specific operating expense
6. **Ineligible Use of Funds:** Loan proceeds shall not be used to refinance existing debt.
7. **Submittal Process:** All applications and required information materials shall be submitted to the City of Forest City Business and Industry Committee in care of City Hall.
8. **Review Process:** The Business and Industry Committee, on an ongoing basis, reviews all completed applications. Applications are first reviewed for

completeness. If further information is required, the applicant will be notified and shall have three weeks to submit the requested information.

Applications are rated for funding by the Business and Industry Committee of the City Council. Representatives of the Small Business Development Center along with the Pappajohn Center of NIACC experienced in small business management and operation, may be used in consultation.

Recommendations by the Committee are submitted to the Council for final approval, denial or deferral. The Committee may recommend approving, denying, or deferring an application.

Negotiations of Funds Awarded

The Committee reserves the right to negotiate the amount, term, interest rate, and other conditions of the loan or grant prior to award.

The Committee may decline to award funds to a business if there is a negative credit report (e.g. bankruptcy, foreclosure, tax liens)

1. **Approval:** Upon approval by the Committee and the Council, the applicant business will receive an approval letter, which will state the amount of the award, conditions of the award, any security agreements, and the amount of the monthly payments. Following notification of approval, the contract, notes, security investments, etc. are prepared for execution between the business owner and the City of Forest City. After execution of the documents, the business owner may request distribution of funds as needed. The time frame between final award date and disbursement of funds will generally be one to two months.
2. **Deferral Process:** The loan Review Committee may defer applications only one time. If all additional information requested is received within the three-week time frame, the application will be considered on the following month's agenda. If information is not received in a timely manner, second consideration will be delayed by 30 days. No application will be held for over 60 days. If the request for additional information is not answered the application will be denied.
3. **Reapplication:** Upon denial by the Committee, an applicant cannot resubmit an application for 90 days (3 months) from the date of the denial letter.
4. **Default:** When a loan is in default for a period of 60 days, the City Council will notify the City Attorney and request appropriate action.
5. **Misuse of Funds:** A person receiving funds under this loan program may be subject to criminal penalties if it is determined that the person knowingly made a false statement in writing to procure economic development assistance from the City.

CITY OF FOREST CITY
APPLICATION FOR BUSINESS FINANCIAL ASSISTANCE

DATE _____

NAME _____

ADDRESS _____ ZIP CODE _____

CONTACT _____ PHONE NO. _____

ADDRESS (IF DIFFERENT) _____

CONTACT (IF DIFFERENT) _____

RELEASE OF INFORMATION CERTIFICATE

(NOTE: PLEASE READ CAREFULLY BEFORE SIGNING)

I hereby give permission to the City of Forest City to research the company's history, make credit checks, contact the company's financial institution(s), and perform other related activities necessary for reasonable evaluation of this proposal. I understand that even though all information submitted to the City of Forest City relating to this application is subject to the Open Records Law, every effort will be made to treat this information as confidential. (1993 Iowa Code, Chapter 22.7 – "reports to government agencies that if released would give advantage to competitors and would serve no public purpose"). I hereby certify that all representations, warranties or statements made or furnished to the City of Forest City in connection with this application are true and correct in all material respects. I understand that it is a criminal violation under Iowa Law to engage in deception and knowingly make, or cause to be made, directly or indirectly, a false statement in writing for the purpose of procuring economic development financial assistance from the City of Forest City.

SIGNATURE OF COMPANY OFFICER

_____ TITLE _____ Date _____

NOTE: The City of Forest City will not provide assistance in situations where it is determined that any representation, warranty or statement made in connection with this application is incorrect, false, misleading or erroneous in any material respect. If assistance has already been provided by the City of Forest City prior to discovery of the incorrect, false or misleading representation, the City of Forest City may initiate legal action to recover City funds.

FOR CITY USE ONLY: RECEIVED (DATE/TIME) _____

1. DESCRIPTION AND HISTORY OF BUSINESS: (If completed description is attached, please summarize here)

2. DESCRIBE IN DETAIL THE PROPOSED "PROJECT BEING UNDERTAKEN: (e.g. company relocation, plant expansion, remodeling, new product line, refinancing, etc.) (If complete description is attached, please summarize here)

3. WILL THE PROJECT INVOLVE A TRANSFER OF OPERATION OR JOBS FROM ANY OTHER IOWA FACILITY OR REPLACE OPERATIONS OR JOBS CURRENTLY BEING PROVIDED BY ANOTHER IOWA COMPANY? IF YES, PLEASE INDICATE THE FACILITY(S) AND/OR COMPANY(S) AFFECTED.

4. WHAT PERCENTAGE OF THE COMPANY'S SALES WILL BE OUTSIDE THE CITY OF FOREST CITY?

5. WHAT PERCENTAGE OF THE COMPANY'S SALES WILL BE OUTSIDE THE STATE OF IOWA?

6. WHAT DATE WILL THE PROJECT BEGIN? _____
BE COMPLETED? _____

(NOTE: Funds are not normally available until approximately one month after the City of Forest City's actual approval)

7. HAS ANY PART OF THE PROJECT BEEN STARTED? _____ YES _____ NO

8. HOW MANY EMPLOYEES ARE CURRENTLY EMPLOYED BY THE COMPANY?

(Total employment including all locations, subsidiaries, divisions, etc. worldwide)

IF THIS COMPANY HAS MORE THAN ONE FACILITY, HOW MANY FULL-TIME EMPLOYEES ARE AT THE FACILITY AFFECTED BY THIS PROPOSAL? _____

9. IF AWARDED FUNDS, HOW MANY NEW, FULL-TIME EMPLOYEES WILL YOU ADD TO THE PAYROLL WITHIN 12, 24, AND 60 MONTHS OF THE AWARD DATE? The business acknowledges if it fails to create the jobs pledged below by the end of the project period (usually 24 months from the date of the City of Forest City award), it will reimburse the City of Forest City for the employment shortfall.

FULL-TIME:

12 Months _____ 24 Months _____ 60 Months _____
(Cumulative) (Cumulative)

PART-TIME:

12 Months _____ 24 Months _____ 60 Months _____
(Cumulative) (Cumulative)

10. IF AWARDED FUNDS, HOW MANY JOBS WILL BE RETAINED IN THE CITY OF FOREST CITY?

11. WHAT IS THE ESTIMATED ANNUAL PAYROLL FOR THE NEW EMPLOYEES RESULTING FROM THIS PROJECT?

1ST Year _____ 2nd Year _____ 3rd Year _____
(Cumulative) (Cumulative)

12. WHAT IS THE ANNUAL PAYROLL FOR THE RETAINED EMPLOYEES RESULTING FROM THIS PROJECT?

1ST Year _____ 2nd Year _____ 3rd Year _____
(Cumulative) (Cumulative)

13. WHAT IS THE AVERAGE WAGE RATE (NOT INCLUDING FRINGE BENEFITS) PROJECTED TO BE FOR THE NEW EMPLOYEES? _____

14. WHAT IS THE AVERAGE WAGE RATE (NOT INCLUDING FRINGE BENEFITS) FOR RETAINED EMPLOYEES? _____

15. WILL ANY OF THE CURRENT EMPLOYEES LOSE THEIR JOBS IF THE PROJECT DOES NOT PROCEED? _____ YES _____ NO

16. IF YES, HOW MANY? _____ EXPLAIN WHY:

17. WHAT OTHER IOWA COMPANIES COULD BE CONSIDERED TO BE YOUR COMPETITORS?

18. HOW WILL THIS PROJECT BENEFIT THE CITY OF FOREST CITY AND WINNEBAGO COUNTY?

19. IDENTIFY ALL AGENCIES OR INSTITUTIONS INVOLVED IN THE PROJECT AND WHAT THEIR INVOLVEMENT IS:

SUMMARY OF PROJECT COSTS AND PROPOSED FINANCING SOURCES

USE OF FUNDS		SOURCE			
Activity	Cost	A	B	C	D
Land Acquisition					
Site Acquisition					
Building Acquisition					
Machinery & Equipment					
Working Capital					
(Detail):					
Other					
Other					
Other					
Other					

20. EXPLAIN WHY ASSISTANCE IS NEEDED FROM THE CITY OF FOREST CITY, AND WHY IT CANNOT BE OBTAINED ELSEWHERE. SPECIFIC SUPPORTING DOCUMENTATION EVIDENCED BY CASH FLOW STATEMENTS, INCOME STATEMENTS, BALANCE SHEETS, BANK LOAN APPLICATION, ETC. IS REQUESTED.

21. EXPLAIN REQUEST FOR SPECIFIC TYPE OF ASSISTANCE (FORGIVABLE LOAN VS. LOAN, ETC). IF MARKET RATE LOAN IS NOT SUFFICIENT, WHY NOT?

22. WHAT TYPE OF SECURITY AND IN WHAT AMOUNT WILL THE ASSISTED BUSINESS PROVIDE THE CITY OF FOREST CITY? IF NO SECURITY IS OFFERED, AN EXPLANATION MUST BE PROVIDED.

MORTGAGE \$ _____ WHAT SENIORITY/POSITION _____

LIEN ON \$ _____ WHAT SENIORITY/POSITION _____

PERSONAL GURANTEEE _____ \$ _____

OTHER _____ \$ _____

NONE _____ (IF NONE, PLEASE EXPLAIN)

23. GENERALLY A DECISION BY THE CITY OF FOREST CITY ON THIS APPLICATION CAN BE EXPECTED WITHIN 30 DAYS OF RECEIPT OF APPLICATION. IS THERE AN URGENT NEED FOR A MORE IMMEDIATE DECISION (i.e. 1-2 WEEKS) ON THIS APPLICATION?

_____ YES _____ NO (IF YES, WHY)

24. IS THE COMPANY WILLING TO GIVE HIRING PREFERENCE TO FOREST CITY RESIDENTS OR RESIDENTS OF IOWA? _____

25. IS THE COMPANY WILLING TO GIVE HIRING PREFERENCE TO FORMER EMPLOYEES OF ANY BUSINESS MERGED OR ACQUIRED BY THE COMPANY WITHIN THREE YEARS? _____

26. HAS THE BUSINESS BEEN CITED OR CONVICTED FOR VIOLATIONS OF ANY FEDERAL OR STATE LAWS OR REGULATIONS WITHIN THE LAST FIVE YEARS (INCLUDING ENVIRONMENTAL OR SAFETY REGULATIONS)? _____ IF YES, PLEASE EXPLAIN CIRCUMSTANCES

27. WILL YOUR BUSINESS BE UTILIZING, OR BE LOCATED ON PROPERTY ON WHICH IS LOCATED, UNDERGROUD TANKS (WHETHER OR NOT IN CURRENT USE) FOR THE STORAGE OF PETROLEUM PRODUCTS, AGRICULTURAL OR OTHER CHEMICALS, WASTE OIL OR OTHER LIQUID WASTE, OR ANY OTHER INFLAMMABLE, CORROSIVE, REACTIVE OR EXPLOSIVE LIQUID OR GAS? WILL YOU BE STORING ABOVE GROUND, ON OR ABOUT YOUR BUSINESS PREMISES, IN TANKS OR OTHERWISE, FOR ANY LENGTH OF TIME OR FOR ANY PURPOSE, ANY LIQUID OR GAS OR ANY FLAMMABLE, CORROSIVE, REACTIVE OR EXPLOSIVE SOLID, EXCLUDING ORDINARY REFUSE?

_____ YES _____ NO IF YES, SPECIFY

28. WILL YOU BE TREATING, TRANSPORTING OR DISPOSING OF ANY LIQUID, GAS OR SOLID EITHER ON OR ABOUT YOUR BUSINESS PREMISES OR AT A LANDFILL OR OTHER TREATMENT FACILITY, OR UPON ANY PUBLIC STREET OR HIGHWAY, OR ON ANY WATERWAY OR BODY OF WATER, OR IN ANY AIRCRAFT?

_____ YES _____ NO IF YES, PLEASE SPECIFY SUBSTANCE AND WHAT YOU WILL BE DOING WITH IT.

29. IF THE BUSINESS GENERATES SOLID OR HAZARDOUS WASTE, IT IS REQUIRED TO SUBMIT AN AUDIT AND MANAGEMENT PLAN TO REDUCE THE AMOUNT OF THAT WASTE AND TO SAFELY DISPOSE OF THE WASTE. FOR THE PURPOSES OF MEETING THIS REQUIREMENT, THE BUSINESS IN LIEU OF PROVIDING IN-HOUSE AUDITS, MAY SUBMIT AUDITS COMPLETED BY EITHER THE WASTE MANAGEMENT AUTHORITY OF THE DEPARTMENT OF NAUTRAL RESOURCES OR THE IOWA WASTE REDUCTION CENTER AT THE UNIVERSITY OF NORTHERN IOWA. IF AN AUDIT AND MANAGEMENT PLAN ARE NOT SUBMITTED, THE CITY OF FOREST CITY SHALL NOT PROVIDE ASSISTANCE UNTIL IT IS SUBMITTED.

30. WILL ANY PART OF THE PROJECT TAKE PLACE IN A 100 YEAR FLOOD PLAN?

_____ YES _____ NO

31. REQUIRED ATTACHMENTS. CHECK OFF EACH ONE SUBMITTED. IF NOTSUBMITTED EXPLAIN WHY.

___ LIST OF POSITIONS AND HOURLY RATES FOR EACH CURRENT JOB CLASSIFICATION AND FOR THOSE JOBS TO BE CREATED.

___ BUSINESS PLAN

___ PROFIT/LOSS STATEMENTS (3 YEAR HISTORICAL AND 2 YEAR PROJECTIONS).

___ BALANCE SHEETS (3 YEAR HISTORICAL AND 2 YEAR PROJECTIONS INCLUDING AGED ACCOUNTS RECEIVABLE SCHEDULE, AGED ACCOUNTS PAYABLE SCHEDULE AND A SCHEDULE OF OTHER DEBT.

___ LETTERS OF COMMITMENT OF FUNDS (FROM BANKS, APPLICANT).

___ DESCRIPTION OF STANDARD FRINGE BENEFITS PROVIDED TO EMPLOYEES.

___ COPIES OF THE COMPANY'S QUARTERLY IOWA "EMPLOYERS CONTRIBUTION AND PAYROLL REPORT" FOR THE PAST YEAR AND COPY OF THE MOST RECENT MONTHLY PAYROLL REGISTER.

___ MAP INDICATING THE LOCATION OF THE PROJECT.

___ FOR PROJECTS THAT INCLUDE CONSTRUCTION AND MACHINERY OR EQUIPMENT PURCHASES, ATTACH COST ESTIAMTES.

____ CERTIFICATE OF INCUMBENCY LISTING THE CURRENT BOARD OF DIRECTORS AND CURRENT OFFICERS IF A CORPORATION OR A LISTING OF THE GENERAL PARTNERS IF A PARTNERSHIP.

____ CORPORATE RESOLUTION AUTHORIZING THE APPLICATION OF FUNDS.

____ CORPORATE SIGNATORY AUTHORIZATION NAMING AN OFFICER TO EXECUTE THIS APPLICATION AND LOAN DOCUMENTS, IF APPROVED.

____ FEDERAL IDENTIFICATION NUMBER _____

____ OTHER

32. EXPLANATION/OTHER COMMENTS:

NOTE: IF MORE SPACE IS NEEDED TO ANSWER ANY QUESTIONS, PLEASE ATTACH ADDITIONAL SHEETS.



APPROVALS

CITY OF FOREST CITY BUSINESS AND INDUSTRY COMMITTEE

By _____ Date _____

City of Forest City

Date of City Council Meeting _____

By _____

Mayor