

**GERMANTOWN BUSINESS DEVELOPMENT LOAN POOL (GBDLP)
VILLAGE OF GERMANTOWN, WISCONSIN**

Guidelines and Application

PARTICIPATING PARTNERS

Participating Partners include:

- Village of Germantown
- Bank Five Nine

FUNDING SOURCE

- Public/Bank Consortium

DESCRIPTION

The Germantown Business Development Loan Pool (GBDLP) 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 the Village of Germantown, Wisconsin.

ELIGIBLE ACTIVITIES

Eligible expenses include loans 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:

- Any participating Bank Five Nine

- By contacting Gosia Wormsbacher, Support Services Manager, at 262-250-4750 or gwormsbacher@germantownwi.gov
 - By contacting Steven Kreklow, Village Administrator, at 262-250-4775 or skreklow@germantownwi.gov
-

I. Introduction

Bank Five Nine will commit \$150,000 to establish a loan pool to encourage business development and revitalization in specified areas of the Village of Germantown. The loan proceeds will be utilized to fund a wide variety of commercial projects ranging from assisting new businesses locating in these areas 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 Germantown Business Development Loan Pool (GBDLP) is a pool of money made available by the participating banks 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.

Eligibility Requirements

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

A. Eligible Areas

Eligible projects must be located in the areas specified in the attached Exhibit A.

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)
2. The applicant must demonstrate to the Participating Partners 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 Economic Development Commission 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 GBDLP 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 GBDLP program approval.

IV. Loan Review Criteria

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

- A. Priority to businesses and developers looking to invest in the specified areas of the Village that further the planning goals and objectives to make these areas 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 the specified areas of the Village.
- D. Priority to businesses looking to locate in vacant properties the specified areas of the Village.
- 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, GBDLP 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 GBDLP program may be for a longer period than that of the other lender(s). The lien position of the GBDLP 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 GBDLP 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 GBDLP 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 be required to maintain a collateral position, to which the GBDLP 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 GBDLP 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 GBDLP program should ensure that the borrower obtains adequate hazard and other forms of insurance, as appropriate. The GBDLP program also will obtain a lender's loss payable endorsement on that insurance.
- G. GBDLP 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 GBDLP 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 Village of Germantown Department of Community Development. The preliminary application will be reviewed for completeness and eligibility.

- B. All completed and eligible applications will be reviewed and final action will be taken by the Village of Germantown Economic Development Commission following recommendations from Bank Five Nine and Village Staff.
- C. The application will be reviewed and approved or denied by the Village of Germantown Economic Development Commission, subject to the requirement that any application shall be approved by a majority vote and approved by Bank Five Nine. Terms and conditions of an approved project will be established as part of the final loan approval process.
- D. The GBDLP loan processing and servicing will be handled by Bank Five Nine Centre.

GERMANTOWN BUSINESS DEVELOPMENT LOAN POOL APPLICATION

I. APPLICANT INFORMATION

Name: _____ Telephone: _____

Home Address: _____

Social Security Number: _____

II. PROPOSED PROJECT

Full Legal Name of Borrower: _____

Address: _____
Street City State Zip

Contact Person: _____ Phone Number: _____

Type of Business: _____

Year Business was established: _____

Years Under Current Management: _____

Number of employees: Current: _____ Proposed: _____

Business Ownership:

- Sole Proprietorship
- Corporation
- LLC
- General Partnership
- LLP
- S Corporation

Landlord Information: Name: _____

Phone Number: _____

Lease Expiration: _____ Annual Rent: _____

Any relationship between the business and the Landlord?

- Yes
- No

If Yes, Describe: _____

V. FINANCIAL INFORMATION

- a. Does this business currently pay taxes to the Village of Germantown?
 - Yes • No If yes, what is the amount \$_____.Enclose copies of tax bills (property, inventory and equipment if applicable).
- b. Have you received any assistance from the Village of Germantown, Economic Development Washington County, State of Wisconsin or any federal programs for the above presented project or any other property? • Yes • No
- c. Submit copy of deed or legal description of property, purchase and sales agreement or lease, whichever applies regarding use of loan proceeds.
- d. 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 for at least two years into the future.
- e. Business' income tax returns for the past three (3) years, including all schedules.
- f. Interim financial statements (if six (6) months have passed since the last fiscal year-end, provide all available interim statements).
- g. Personal Financial Statement for each proposed borrower, owner, partner or guarantor.
- h. Personal Federal Income Tax Returns for the past three (3) years for each proposed borrower, owner, partner or guarantor, include all schedules.

VI. COLLATERAL OFFERED TO SECURE LOAN *

Accounts Receivable
Aging Report (Attached) Date of Report: _____

Inventory
Inventory List (Attached) Valuation: _____

Equipment
Bill of Sale (Attached) Valuation: _____

Real Estate
Recorded deeds (Attached) Address: _____

Vehicles
Title(s) (Attached) Valuation: _____

* If any collateral is pledged, identify and indicate name of secured party.

VII. Bank Relationships

Bank Name	Loan Type	Account Number	Balance
			..
		
			..

VIII. Credit References (include loans from banks, finance companies, individuals, other financial institutions, etc.)

Creditor	Loan Type	Account #	Payment	Balance	Collateral
	-	.
	..		.	-	.
	..		.	-	.

IX. Trade References (List your four largest trade creditors).

Trade Creditor	Trade Terms	High Credit	Balance	Collateral

X. Top Four Customers

Name and Address	Selling Terms	% of Sales

