

City of Noblesville
Economic Development Department

**Small Business Loan
Guaranty Program**

Application Package

Small businesses create the highest number of jobs across the country, but face the greatest challenges in accessing affordable or reasonable financing. The City of Noblesville Small Business Loan Guaranty Program (the Program) is designed to encourage and assist business and job generation within the City of Noblesville (the City).

In order to assist new and existing businesses, the City will participate as a guarantor as part of the financing for qualified businesses. The financing will be underwritten in conjunction with financial institutions within the City of Noblesville. These institutions will provide SBA and conventional loans for small, emerging private businesses or those that desire to expand operations or increase employment within the City. The City's guaranty will be utilized to 'bridge the gap' between conventional underwriting standards or add necessary support to facilitate the availability of capital to these businesses.

The Program will require the City to establish a liability 'threshold' which will be available until such time as the limit has been reached. As loans which are funded under the Program are amortized or repaid in full, the guaranty fund will become available to new borrowers. The City reserves its rights to cancel the Program at any time.

Through the Program the City's expectations are to provide an additional source of capital for businesses which can be leveraged with funding available through the private sector market. The primary focus of the Program is to increase new job creation within the City and to support the local business community.

The administrative responsibilities for this Program will be housed in the Economic Development Department of the City. The Loan Guaranty Review Committee (LGRC) will be established as part of the Program and chaired by the Department's designee. The LGRC will be responsible for reviewing the Program applications (with all necessary addenda) and rendering decisions on the City's participation in any given loan transaction.

City of Noblesville Small Business Loan Guaranty Program

Criteria

Eligible Industries/Businesses

The Program is targeted to:

- Manufacturers;
- Information Technology;
- Transportation/Warehousing;
- Healthcare;
- Emerging and Advanced Technologies;
- Service Industries;
- Trades; and
- Retail

*Others may be considered on a case by case basis

Funding Criteria

1. Business/Applicant Criteria

- a. All businesses must be located in or locating within the incorporated city limits of Noblesville;
- b. All business applicants must be in business no less than two years or have at least two years of similar business experience;
- c. All business applicants must be current with all tax liability payments (local, state and federal), have no outstanding judgments or pending litigation as well as no bankruptcy filings within the last seven years;
- d. All applicants must attend at least one (1) counseling session with the local chapter of SCORE to review their business plan before applying;
- e. All businesses must create a minimum of one job for every \$25,000 guaranteed within the lifetime of the loan.

2. Loan Criteria

- a. **Loan Guaranty Size**—minimum of \$10,000 and maximum of \$25,000, not to exceed 20% of the loan
- b. **Terms**—to be determined by the Lender, not to exceed ten years without special approval
- c. **Interest Rates**—determined by the Lender
- d. **Documents Required**—all documents required by Lender including, but not limited to, the following:
 - i. Business Plan

- ii. Credit Report
 - iii. Cash Flow Projections (minimum 24 months)
 - iv. Federal tax returns filed by business and individual
 - v. Commitment letter from financial institution
 - vi. Personal financial statement (as required by SBA application)
 - vii. Statement concerning how the project will benefit the taxpayers of the City of Noblesville
- e. **Equity**—minimum amount of cash equity to be contributed shall be no less than 5% of the total amount of the financing required. Verification of this cash equity will be required.

3. Guaranty Application

A loan guaranty application form for the City of Noblesville Small Business Loan Guaranty Program may be obtained from the City's Economic Development Department. Personal guarantees will be required from the principals and owners of the applicant. Applications will be reviewed as needed by the LGRC and may be presented by the applicant.

Any and all title searches, lien records, security records and loan closing costs will be paid by the applicant. Once the application has passed the initial review by the Economic Development Dept. and is eligible for the Program a non-refundable \$200 fee is required to cover administrative expenses.

Loan Guaranty Review and Approval Procedure

The City of Noblesville and the LGRC will make every effort to adhere to the guidelines described herein. However, each individual loan application may present special circumstances which require additional information or steps for processing.

STEP 1:

The applicant will first approach a local (located within the City of Noblesville) Lender to apply for a loan. The lender may either deny or grant the loan subject to the applicant obtaining approval for participation in the Program. Each application is submitted to The City and initially reviewed by the Economic Development Department to determine if it satisfies the objectives and criteria of the Program. A \$200 processing fee will be paid by the applicant once it is determined the application will move on to the formal review committee.

STEP 2:

If the program objectives and criteria are satisfied, and available funds exist to guaranty the loan, the LGRC will review the loan application in its entirety at their next scheduled meeting. The LGRC will notify the applicant and the lender as to their findings by mail and when requested by electronic mail (email).

STEP 3:

If the LGRC recommends the guaranty, they will issue to the Borrower and the lender a formal Commitment Letter informing them of the terms and conditions of the guaranty. The Borrower will be required to sign and return the Commitment Letter within thirty (30) days. The approval process will then move to the Common Council who may approve the Guaranty Agreement and recommend signature of all documents necessary by the Board of Public Works and Safety.

GUARANTY APPLICATION

Name of Business: _____

Business Address: _____

City: _____ State: _____ Zip Code: _____ Telephone: _____

Contact Person: _____ Telephone: _____

Type of Business: _____ Sole Proprietorship: ___ Partnership: ___ LLC: ___ Corporation: ___

State and Date Established: _____ SIC Code: _____

Employer's Federal Identification Number: _____

Employer's State Identification Number: _____

Name of Owner #1:

Name of Owner #2:

Percentage Owned: _____%

Percentage Owned: _____%

Home Address:

Home Address:

City, State, Zip

City, State, Zip

Home Telephone

Home Telephone

Name of Owner #3:

Name of Owner #4:

Percentage Owned: _____%

Percentage Owned: _____%

Home Address:

Home Address:

City, State, Zip

City, State, Zip

Home Telephone

Home Telephone

Professional Services/References:

Name of Bank: _____

Bank Address: _____

City: _____ State: _____ Zip Code: _____ Telephone: _____

Contact Person: _____ Account #: _____

Name of Attorney: _____

Attorney Address: _____

City: _____ State: _____ Zip Code: _____ Telephone: _____

Name of Accountant: _____

Accountant Address: _____

City: _____ State: _____ Zip Code: _____ Telephone: _____

Required Attachments

1. Business Plan
2. A brief (one page or less) narrative of the business history
3. Project description including sources of funding for the project and how proceeds are to be utilized
4. Commitment letter from your bank regarding the financing the bank will provide for this project
5. Business financials for the past two years (if applicable)
6. Projected revenue and expenses including cash flow statements
7. Signed personal financial statements that are not more than one year old. Copies of prior two years personal Federal Tax Returns for any person(s) who will own an interest in the business
8. Federal tax returns filed by the business for the previous two years (if applicable)
9. Statement concerning how the project will benefit the City of Noblesville

Signatures:

I declare that any statement in this application and in its required attachments, or information provided herein, is true and complete in substance and in fact. I declare that I am a legal resident or U.S. Citizen with the authority to conduct business in the State of Indiana.

Name of Business: _____

By: _____ Title: _____ Date: _____

By: _____ Title: _____ Date: _____

By: _____ Title: _____ Date: _____

By: _____ Title: _____ Date: _____

Attest: _____ Title: _____ Date: _____

Creditworthiness

The applicant must not be in arrears or in default of any of the following obligations:

1. Real property taxes;
2. Mortgage payments;
3. Federal and state tax obligations, including the timely filing of all tax returns;
4. Revolving credit loans and related obligations; and
5. Unsatisfied judgments or other claims which would interfere with the Program's rights in collateral.

Noncompliance with any of the above will be considered an appropriate reason for guaranty refusal. The applicant will have the opportunity to correct or explain any of the above problems.

Applicant's Name _____

Applicant's Signature _____

Date _____

Authorization to Release Information

In connection with the business loan guaranty application of:

The City of Noblesville's Small Business Guaranty Loan Program is requesting the following information from you in order for us to obtain information from your Accountant, Attorney and Banker (as identified on your application) as needed in the processing of the submitted loan guaranty application.

Your Full Name: _____

Spouse's Name: _____

Present Address: _____

City State Zip

Former Address: _____

City State Zip

Social Sec. No: _____

Date of Birth: _____

I authorize the City of Noblesville to use the above information to obtain information as required in connection with the above mentioned loan guaranty application.

Your Signature: _____

Spouse Signature: _____

Date: _____

Yearly Loan Reporting

In connection with the business loan guaranty to:

The City of Noblesville is requesting the following financial information including, but not limited to, financial statements, tax returns, progress reports on the project and number of employees with breakdown, must be submitted to the Loan Guaranty Review Committee ninety (90) days after fiscal year end for each year the loan is outstanding.

Signature of Authorized Representative of Borrower

Printed Name

Title