
Pulaski County



Welcome Back Home.

Revolving Loan Fund Description and Guidelines

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The Pulaski County Board of Commissioners determined that the initial Community Development Block Grant (CDBG) would be used to establish a revolving-loan fund to provide businesses with a source of financing to undertake economic-development activities that result in the creation or retention of living wage jobs.

Loans from the fund are made to for-profit firms for projects deemed to be eligible by the staff of the Pulaski County Community Development Commission pursuant to the rules established hereunder.

Every applicant is required to complete an application, which is reviewed through a formal process. Applications for micro-, mini-, and small loans are reviewed first by an *ad hoc* Revolving Loan Committee and, if approved, then by the Pulaski County Board of Commissioners. Applications for regular loans are reviewed by the Regional Development Company (RDC); the full Community Development Commission considers the RDC's recommendation and then either rejects the request or recommends it to the County Commissioners for final consideration. All loans will be secured through an agreement (lien) conveying to the County a financial interest in property owned by the applicant. Funds are subject to availability.

To inquire about fund availability, contact Pulaski County Community Development Commission's Executive Director at (574) 946-3869, Post Office Box 315, 623 West Eleventh Street, Winamac, IN 46996.

GUIDELINES

Financial Assistance

The primary function of the Pulaski County Revolving Loan Fund is to provide short-term financing to establish or to expand eligible businesses.

Location

The business development must be located within the legal boundaries of Pulaski County.

Eligible Applicants

Start-up, existing, or relocating businesses

Eligible Use of Funds

- Acquisition of building(s)/machinery/equipment
- Acquisition of land only if a structure will be erected thereupon
- Structural and cosmetic improvements of leasehold or operator-owned property
 - Improvements to leasehold properties require *approval of property owner and adequate security*.
- New-building construction
- Energy conservation
- Pollution control
- On-Site infrastructure

Ineligible Use of Funds

- Working Capital
- Rolling Stock
- Refinancing existing debt
- Land banking
- Mergers
- Inventory

GUIDELINES (CON'T)

Loan Amount

- \$ 2,000.00 - \$ 4,999 – Micro
- \$ 5,000.01 - \$10,000 – Mini
- \$10,000.01 - \$20,000 – Small
- \$20,000.01+ – Regular

Loan Terms (Max.)

- Micro
 - 5 years, real estate
 - 2 years, equipment
- Mini
 - 7 years, real estate
 - 3 years, equipment
- Small
 - 10 years, real estate
 - 5 years, equipment
- Regular
 - 10 years, real estate
 - 5 years, equipment

Interest-only option for first 6 months available on small loans

Interest Rate

- Micro Wall Street *Journal* prime rate
 - Mini Wall Street *Journal* prime minus .25%
 - Small Wall Street *Journal* prime minus .50%
 - Regular Wall Street *Journal* prime minus .50%
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- Minimum rate on any loan of any size is 3.00%
 - Rate will be fixed at closing.

Security

All loans will be secured by land, buildings, machinery, equipment, and, if necessary, by other assets, personal guarantees, letters of credit, *et c.*, or any combination of these.

Job Creation

Job creation is not required, but is favorably looked upon by the RLF committee. If a business decreases the number of living wage jobs while receiving the loan, the RLF committee has the right to retract the loan. Some emphasis is placed on quality-of-life improvements/“filling in the gaps” in our community.

Fees

A non-refundable will be required at the time of application payable to Pulaski County. This fee will help to cover the cost of the administration fees.

- \$100 – Micro
- \$175 – Mini
- \$250 – Small
- \$500 – Regular

Steps in the Loan Process

The Pulaski County Community Development Commission has tried to streamline the RLF process as much as possible. A final loan decision could take 2-4 weeks for approval.

- 1) The Pulaski County Community Development Commission (CDC) Executive Director will meet with the applicant for a consultation on general information and requirements for the loan program. The applicant will be provided with the appropriate loan application form and authorization to release information form for applicant credit history.
- 2) The applicant will then submit the completed application, business plan (when required), and application fee to the CDC's Executive Director. If you're unsure if your business qualifies, then please call ahead of time.
- 3) The CDC's Executive Director will then forward your completed loan application to either the five-person revolving loan fund (RLF) committee or to the Regional Development Company and then the full CDC, as appropriate. A business representative may be asked to be present at this meeting.

The RLF committee is composed of

- 1 Pulaski County Councilor
 - 1 Pulaski County Commissioner
 - 1 Community Development Commission member
 - 2 Pulaski County bank representatives
- 4) The loan committee or CDC will then take one of the following actions:
 - Recommendation to approve the application
 - Request additional information
 - Deny the application
 - 5) Should the RLF committee/CDC approve the funding request, it will be placed on the agenda of the Pulaski County Board of Commissioners for action. A business representative may be asked to be present at this meeting. The Board will either:
 - Approve the application
 - Request additional information
 - Deny the application
 - 6) If the loan is denied, the applicant will be informed by letter issued by the CDC's Executive Director within two business days of denial.
 - 7) If approved, terms and conditions are set for borrower's acceptance.
 - 8) If borrower accepts terms, the loan is closed.
 - 9a) The County Attorney shall be responsible for reviewing any and all documentation regarding security on the loan. This shall include, but is not limited to, any mortgage on real property provided as security for the loan and any UCC Financing Statement on any personal property provided as security. He shall ensure that any UCC Financing Statement is filed with the Secretary of State's Business Services Division, whether it is filed by him or by the borrower's attorney.

The CDC director shall be responsible for confirming that the County Attorney has done these, and shall also be responsible for the recording of the mortgage with the County Recorder's office. Moreover, he shall record the dates of all filings in a master checklist for each awarded loan. The County Attorney, Auditor, and CDC director shall all receive and file copies of all appurtenant documents.

- 9b) In the event that a borrowing business is sold to an individual or company not party to the original RLF agreement during the loan-repayment period, it will be at the County's discretion to continue the loan or to require repayment before the transaction may take place. It shall be the duty of the CDC director to ensure that any changes in ownership of the borrowing company be reflected in County records and that the County attorney ensure that any applicable mortgage or UCC filing be amended or replaced, as appropriate. The CDC director shall then record any updated documents with the County Recorder.
- 10) Prior to or on the due date of each monthly loan payment, the County Auditor shall receive payment from the borrower, at which point the Auditor or a deputy shall provide receipt of payment to the borrower; the Auditor's office shall retain a copy of this receipt and shall provide an additional copy of the receipt of payment to the CDC director. The Auditor or a deputy will ensure deposit of the payment into the RLF (Fund 0090) under the appropriation for the loan being repaid. The CDC director shall record payment in an RLF spreadsheet and retain the receipt of payment in a file dedicated to the particular loan in question.
- 11a) On the first business day of the month immediately following a missed payment, the CDC director shall contact any delinquent borrower to remind him of the missed payment and to ensure forthright correction of the mistake. If payment be not made within five business days of notification, a penalty equal to five percent of the total payment shall be assessed and made due along with the owed payment. It shall be the responsibility of the County Attorney to notify the delinquent borrower of any fines assessed
- 11b) If problems have arisen such that the borrower is unable to make payment, then a meeting shall be called with the CDC director, the County Attorney, a County Commissioner, and the borrower and/or his attorney or other appropriate representative to explore options to avoid default.
- 12) As part of his monthly report to the Commissioners, the CDC director shall inform them of the status of all outstanding loans. He shall also communicate monthly with all borrowers to enquire of the current status of operations; these findings shall be part of his report to the Commissioners.
- 13) The CDC director shall be responsible for ensuring that the County Attorney or the borrower's attorney file for a UCC Financing Statement Amendment (renewal) if, either by design or restructuring of the loan agreement, the repayment of the loan extend beyond the five-year lifetime of the UCC. The date of expiration/renewal shall be included in the master checklist.
- 14) Upon full repayment of all principal, interest, and penalties (if any), the CDC director shall remind the County Auditor to have the commissioners sign a loan release at their next meeting.

Business Plan

All new-business applicants must submit a business plan. Applications for existing businesses may or may not require a business plan at the CDC Executive Director's and/or loan committee's discretion. If a business plan doesn't exist, and you would like help, please call to set up an appointment with the Small Business Development Center at 574-946-3869. Business planning programs are also available on a CD for a minimal fee.

Any loan applicant without previous business-operation/management experience *must* attend counseling with the Small Business Development Center to be eligible.

GUIDELINES (CON'T)

The business plan will include the following information:

- 1) Summary
 - a. Business Description
 - i. Name
 - ii. Location and facility description
 - iii. Product(s)
 - iv. Market and competition
 - v. Management expertise
 - b. Business Goals (short term & long term)
 - c. Summary of financial needs and application of funds
- 2) Market Analysis
 - a. Description of total market
 - b. Industry trends
 - c. Target markets
 - d. Competition
- 3) Products or Services
 - a. Description of product line or service
 - b. Property position: Patents, copyrights, and legal and technical considerations
 - c. Comparison to competitor's products or services
- 4) Manufacturing Process (if applicable)
 - a. Materials
 - b. Source of Supply
 - c. Production methods
- 5) Marketing Strategy
 - a. Overall strategy
 - b. Pricing policy
 - c. Sales terms
 - d. Method of selling, distributing and servicing products
- 6) Management Plan
 - a. Form of business organization
 - b. Board of Directors composition
 - c. Officers: Organization chart and responsibilities
 - d. Resumes of key personnel
 - e. Staffing plan/number of employees
 - f. Facilities plan/planned capital movements
 - g. Operating plan/schedule of upcoming work for next one to two years
- 7) Financial Data
 - a. If you are just starting a business, your plan should include:
 - i. Projected "start-up costs"
 - ii. Projected income and expense statement for the first two years
 - b. If you have a young or established business, your plan should include:
 - i. Income statement and balance sheet for the last three full years, plus current year statements within 60 days of submitting an application or request.
 - ii. Projected income and expense statement for the next two years.