

EDMORE ECONOMIC DEVELOPMENT REVOLVING LOAN FUND (ELF) PROGRAM GUIDELINES

ELF PURPOSE AND PHILOSOPHY

The general purpose of the ELF is to use revenues gained from the former Urban Development Action Grant (UDAG) program as a tool to attract firms to the village industrial park and to provide necessary and appropriate assistance to private business ventures elsewhere within the Village. The ELF seeks to provide promising and well-researched business ventures in Edmore with attractive financing options that will promote their ability to succeed in an ever more competitive marketplace. In turn, it is felt these investments in the local business sector will contribute to the overall quality of life in Edmore, both materially and aesthetically.

Moreover, the ELF seeks to improve the attractiveness of Edmore's business districts to investors, visitors, and residents alike by creating jobs, making new goods and services available locally, expanding the village tax base, diversifying the village economy, and enhancing the physical appearance of business establishments. By leveraging ELF dollars against private investment or other public financing, Edmore hopes to secure a perpetual resource for future users through the repayment of ELF monies. Specific objectives of this fund include the following:

1. Stimulation of private sector capital investment within village business districts, including the industrial park.
2. Development of vacant land or redevelopment of abandoned property within Edmore business districts and the industrial park.
3. Stabilization and diversification of the village's economy by providing monies for expansion or start-up of appropriate businesses that will contribute to the revitalization of the downtown business district and the industrial park.
4. Coordination of financing activities with other development agencies, loan programs, and private lenders in the surrounding area.
5. Creation of loan policies and standards which will ensure the best possible use of the ELF monies.

PROGRAM INCOME

The Edmore Economic Development Revolving Loan Fund (ELF) was originally funded with UDAG payback monies. The program is currently funded through investment income earned on these original payback monies, revenues from sale of loans, loan repayments from qualified businesses, and interest earned on ELF accounts.

ADMINISTRATION

The ELF will be administered by the ELF Committee in consultation with other lenders which may be engaged by the ELF Committee to provide assistance in evaluating, servicing and monitoring proposed loan projects. The ELF Committee shall make recommendations to the Village Council on how the ELF might be utilized to assist qualified applicants and at what level of financial support. The ELF Committee will also evaluate the economic benefits and risks to the village in utilizing the ELF for any given project. However, all loans, loan terms, and uses of the ELF must ultimately be approved by the Village Council.

The ELF Committee shall consist of one Council Member appointed every year (or as otherwise needed) by the Village President, the Village Treasurer, the Village Manager, and the Village Attorney. All members of the Committee shall have the power to vote on matters of Committee business. Any three members of the Committee shall constitute a quorum. All meetings of the ELF Committee shall be conducted in accordance with the Open Meetings Act and other applicable laws.

The appointed Council Member shall serve as the Chairperson of the ELF Committee and shall preside over all ELF Committee meetings. The Village Treasurer shall serve as the Vice-Chairperson of the ELF Committee and shall have all powers of the Chairperson in the Chairperson's absence. The Village Manager shall serve as Secretary for the ELF Committee and shall keep records of the Committee's business.

ELIGIBLE USES OF THE FUND

It shall be the intent of the Loan Committee to maintain an attitude of flexibility when considering requests. ELF financing may be used for, but is not restricted to, the following investments and purchases:

1. Land purchases and improvements to land including installation of parking lots, security systems and lighting.
2. Building construction, expansion, modernization, rehabilitation, facade improvements and landscaping.
3. Machinery and other equipment associated with an expansion or modernization of production facilities or business management operations.
4. Machinery and other equipment needed to accommodate new full- time permanent workers to be hired within six months of a loan award.
5. Short-term working capital (will not normally be funded).

TARGETING CRITERIA

ELF dollars may only be spent to advance eligible projects in those areas of the village zoned for business or industrial activity. A minimum of \$250,000.00 in the ELF shall be retained and dedicated at all times for fixed asset loans to firms locating within the industrial park. The

remaining portion of the ELF may be made available for loans in the industrial park or in other business districts for the purposes specified above.

APPLICATION PROCESS

Applications to the ELF may be obtained from the Village Manager, 209 South Sheldon Road, Post Office Box 170, Edmore, Michigan, 48829. (The Village Manager shall be the primary contact person between the applicant and the village.) The application process is as follows:

1. Six copies of the completed application together **with a non-refundable \$250.00** fee shall be returned to the Village Manager, who shall make a preliminary determination on whether the application is complete.
2. If it is determined that the application is complete, within thirty days of its receipt, the Village Manager shall schedule a meeting of the ELF Committee (in consultation with the Committee Chairperson) to review the application and prepare its findings and recommendations for the Village Council. The ELF Committee shall forward the application to a traditional lender engaged to provide further review and input before making a final recommendation.
3. The final recommendations of the ELF Committee will be conveyed to the Edmore Village Council at its next regularly scheduled meeting. (The Edmore Village Council normally meets on the second Monday of each month.)
4. The Edmore Village Council will act on the request. Pursuant to a favorable review by the Village Council, an agreement shall be executed between the village and the applicant, setting forth the type, dollar amount, and any terms and conditions under which the ELF monies will be provided.

STANDARDS FOR LOAN SELECTION

The following standards enhance the effectiveness of the ELF program as an economic development tool. Individual loans will generally conform to these standards but may vary depending on the economic benefits to be achieved by the loan.

1. It is not required that an applicant demonstrate that a given project will retain or create permanent jobs in Edmore. However, the ELF Committee will look very favorably at those projects which show great promise of doing so as a direct or indirect result of ELF financing within one year of project completion. Professional jobs requiring higher education and skilled manufacturing jobs are valued most highly, followed by semi-skilled manufacturing jobs and other types of permanent jobs.

2. Those applicants which promise to create or retain specific types of permanent jobs will be required to document that they were actually created, or explain in great written detail why changing economic conditions made them fall short of that goal. The ELF Committee may recommend that incentives for actually creating the predicted jobs are built into a loan agreement. Incentives might include a complete or partial interest forbearance plan.
3. The ELF may provide up to 3/4 of the funding for a given project. The remainder may come from private financing from lenders, banks, investment companies or private investment on the part of the applicant. Considerable private investment on the part of the applicant will be viewed most favorably.

FINANCING POLICIES

The interest rate, length of term, amortization schedule and security for each loan request shall be individually negotiated to the needs of the project within the following parameters:

1. Fixed asset loans are preferred to working capital loans: Working capital loans are eligible provided there is available collateral in excess of twice the amount of the loan request, the term is as short as possible, and the loan will result in the leveraging of third party financial resources.
2. Facade-improvement and landscaping loans shall be made available at a 3.0 percent rate of interest.
3. The rate of interest on interest-bearing loans may be fixed or variable. However, the minimum interest rate for all loans shall be no less than four and one-half percent below U.S. Treasury Bond rates of similar maturity at the time of approval for the loan, or not less than seventy-five percent of the "prime" rate charged by major commercial banks at the time of the loan approval.
4. The length of term for the ELF loans shall be no more than the following:
 - a. Land, buildings, and improvements thereon - 15 years.
 - b. Machinery and equipment - 7 to 10 years, or the useful life of assets financed, whichever is less.
 - c. Working capital - 5 years.
 - d. Facade improvements and landscaping - 5 years.
5. The amortization schedule shall be tailored to the needs of the project, but shall include a provision for repayment of the loan in installments over its life. Single lump sum payment at the end of the term of the loan shall not be allowed.

6. The total amount of available security shall be verifiable and should be at least 25 percent of the ELF loan and all other superior project loans combined. Secondary or lesser security positions are permissible to the extent that they are necessary to meet the needs of the project, but the Village shall achieve the best possible security position in order to protect the ELF loan for recapture.
7. Where ELF monies are requested by companies owned by a small number of persons, or where there is less than 25 percent coverage on collateral, personal guarantees shall be required.
8. The applicant shall, at time of closing, provide casualty and hazard insurance on any facility financed or used as security against the ELF loan.
9. A commitment for title insurance on property acquisitions should be provided at the time of application, with the actual policy provided at the time of closing. However, in certain cases, title insurance may not be available. The ELF Committee shall strive to remain open-minded and shall evaluate the risk imposed by absent title insurance on a case-by-case basis.
10. ELF monies shall not be used to refinance or consolidate existing debt. Nor shall they be used to reimburse costs on any project incurred prior to the award of the loan.
11. Loan principle, interest payments and profits earned from the sale of loans will be returned to the ELF and may then be used in financing another project.
12. Up to ten percent of the ELF may be used for marketing if \$100,000 or more is available in the ELF and no loan has been approved during the previous 12 month period.
13. Loan investments will be made available on a non-discriminatory basis. No applicant will be denied a loan on the basis of race, color, creed, national origin, religion, sex, age, or marital status.

LOAN SERVICING

The ELF Committee shall engage a traditional lending institution of its choice to actually service the loan and protect ELF monies. This other lender shall be responsible for traditional monitoring and servicing of ELF loans from loan closing through repayment of the loan. This other lender may also be a participating lender in a given project, and while that may be preferable, it is not an absolute requirement. The Village will work with the other lender and the applicant in the event that a chronic loan payment delinquency should develop. The Village will consider modifying or

restructuring the terms of the loan if necessary to achieve the objectives of the ELF. Loan defaults will be investigated by the Village in consultation with the ELF Committee and the other lender. Every attempt will be made to accommodate the applicant if the result of the investigation is favorable. If the investigation is not favorable and no equitable solution can be reached, defaults will be handled in the traditional manner by the other lender and the village. In accordance with the loan agreement, the loan will be accelerated. The loan application fee shall pay for the cost of the loan service.

PROJECT MONITORING

The Village will require quarterly progress reports for the duration of the project from the applicant which shall be reviewed for compliance by the Village Manager. The Village Manager shall also make periodic on-site visits to monitor the applicants' progress in completing the project and fulfilling any special requirements that the Village may impose in the loan agreement.

CONFLICT OF INTEREST POLICY

No elected official or employee of the Village of Edmore, who exercises or has exercised any function or responsibility with respect to ELF activities or who is in the position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from an activity assisted by a ELF activity, or have an interest in any contract, subcontract or agreement for ELF activities or funds related to the execution of those activities, or the proceeds thereunder, either for themselves or those with whom they have business or immediate family ties during their tenure.

Failure to comply with these requirements may result in immediate suspension of any previously awarded, but yet unused, ELF credit and/or the need for immediate repayment of all ELF dollars borrowed thus far (along with any interest specified in the loan agreement.) The Village Council may also take other legal remedies available to it in enforcing this policy as an employer and as a local government body. Apparent breaches of this policy, and actions to be taken as a result, shall be investigated and decided by the Village Council in consultation with the ELF Committee at a legal public meeting.

Edmore Economic Loan Fund Application

Last Name

First Name

MI

Address

Phone Number

City

State

Zipcode

Email

Social Security Number

Drivers License/ID & State

Briefly state any special skills or experience that the ELF Committee would be a benefit to the project you propose.

Are you or any of your business partners employee by the Village of Edmore; Serving as an elected official of the village or related to any employee or elected official in any manner. Please provide any details; if not please write "none".

Full Name of Business

Business Website/Email

Business Address

Phone Number

City

State

Zip Code

Type of Business

Proprietorship

Partnership

Corporation

Type of Business/ Product/ Services

Brief History of Business

Accountant/Firm

Phone

Legal Counsel

Phone

Principles

Title

% ownership

Full time employees Part time employees

Have you, your company or its officers ever filed for bankruptcy? If yes, provide full details on a separate page.

yes no

Are you, your company or its officers currently involved in any lawsuits? If yes, provide full details on a separate page.

yes no

Please tell us about your proposal
Narrative Description of the project, improvements, equipment, land or other purchases.

Est. Start Date

Est. Completion Date

Address or location of proposed project

Does your firm have land control at this address or location.

yes no

If yes, please specify the type of control.

leased owned optioned sales agreement

Permanent job retention/job creation/impact of project

Job type No. jobs created No. of jobs retained

Totals:

**Proposed Use of ELF Funds
Loan Amount Requested**

Land Acquisition

Acquisition of Equipment

Land Improvements

Working Capital

New Construction

Other

Purchase of Existing
Building

ELF funds requested

Renovation of Existing
Buildng

Project Cost and Request Summary

	ELF	Public Lender	Private Lender	Equity/Grants	Total
Amount					
Terms					
Annual Debt Service					
Rate(%)					
Collateral					
Guarantee					

Private sector sources of financing: name, contact, person, full address, phone

Public sector sources of financing: name, contact, person, full address, phone

Attachments

Please provide the following attachments. (Items 7-10 are not required for loans for facade improvements, parking lots and landscaping.

1. A statement detailing the anticipated benefits for your firm from the proposed uses of the ELF.
2. Annual financial statements showing profits and loss for the previous three years, or in the case of a newer company, similar financial statements for the entire history of the company.
3. A statement of monthly cash flow for the previous twelve months.
4. A copy of any proposed real estate lease or purchase agreement for property included in the project.
5. Engineering plans, drawings, specifications and estimates of costs related to any new construction or other improvements in the project.
6. An annotated list of collateral to be offered as security for the loan, the estimated cash value of each item, a brief description of each item, and note on the location of each item.
7. A copy of your firm's business plan showing projected profit and loss for two years into the future. Also a copy of your firm's marketing plan.
8. Brief resumes of the principles.
9. Current personal financial statements for each proprietor, partner, officer, and stockholder owning 20 percent or more the company.
10. A list of all machines and equipment to be purchased including make, model and primary uses which are included as part of the project.

Authorizations and Acknowledgements

I/We hereby certify that the information contained in this Application is true and accurate. I/We understand that the Village of Edmore may need to obtain a credit report and perform other related inquiries, as needed to process this request. I/We understand that the Village of Edmore may require periodic progress reports and may make site visits in monitoring a loan award. I/We have read and understand the ELF program guidelines.

signature	date	signature	date
full printed name		full printed name	