City of Garner
Retail Revolving Loan
Fund Guidelines

I. PURPOSE

In an effort to promote and encourage economic development within the city limits of Garner, the City of Garner has established a revolving loan fund to provide financial assistance for small and emerging private business enterprises. The fund was established with contributions by local banks and businesses.

II. GENERAL GUIDELINES

Type of Assistance.

- The Loan Fund will provide direct loans to small and emerging private business enterprises.
- The interest rate charged and length of the loan will be determined for each project individually based on demonstrated need and anticipated repayment capacity of borrower. Borrowers may be eligible for deferred payments for up to six months or 0% interest for up to one year, based on the determination of the RLF Board.
- Typical loan terms would be no longer than 5 years with an interest rate of 3% less than the national prime rate as published in the Wall Street Journal or half that rate, whichever is higher, with a minimum 2% interest rate.
- A minimum loan amount will be $1,000, with a maximum of $5,000.

Business Eligibility.

- Applications will be accepted from businesses involved in service or retail operations within the corporate limits of Garner, Iowa.
- Small businesses that employ 50 or fewer employees with a projected gross revenue of $1 million or less are eligible. For the purpose of the application, gross revenue is defined as revenue of a business before deductions for any purpose, except for sales returns. In the case of a merchandising business, gross revenue means gross profit (i.e. gross sales or gross receipts less cost of goods sold).
- Applicants must complete an initial business consultation with the NIACC John Pappajohn Entrepreneurial Center prior to applying. Applicants must complete a waiver form to allow the Pappajohn Center to discuss the business with the RLF Board or its designate. The Pappajohn Center can be reached at 641-422-4162.
- Within one year of loan award, applicants are expected to complete the FastTrac business development program offered through NIACC or a similar program as approved by the RLF Board or its designate. Upon completion, the City of

Garner will refund ½ of the cost of the program. Within two years of loan award, applicants will be expected to have a follow-up consultation with the Pappajohn Center and provide evidence of this meeting. Failure to complete either of these requirements in the required timeframe will cause the City to increase the interest amount to Prime Rate plus 3% or 10% total, whichever is higher. This requirement may be waived by the RLF Board if a business has been operating for five or more years or if the owner can prove at least five years experience operating a similar business. Waiver of this requirement is solely at the discretion of the RLF Board.

Eligible uses of Funds.

- Eligible purposes include the purchase of equipment, fixtures, and inventory; acquisition and development of land; leasehold improvements; construction, conversion, enlargement, repairs or modernization of buildings and sites, plants, machinery, equipment and technical assistance to aid in start-up or expansion process.
- Refinancing or restructuring of existing loans are ineligible activities.

Eligible Area.

- The location of each Revolving Loan Fund project must be within the corporate limits of Garner, Iowa.
- If the project activity is moved outside the eligible area during the life of the loan, any Revolving Loan Funds must be repaid immediately, including outstanding principal and interest.

Security of Loan Required

- If the Revolving Loan Fund grant award is the only source of loan lending, the Revolving Loan Bund Board may require a first position security agreement or real estate mortgage. If the Revolving Loan Fund grant award is a subsidiary lender, a second position security agreement or a second position real estate mortgage or the best lien obtainable may be required.

Application Procedure.

- An original and one copy of the application shall be submitted to the City of Garner. Application forms and instructions will be available upon written request from the City of Garner, 135 W. 5th Street, Garner, Iowa 50438. Phone number is 641-923-2588.
- Applications for the Revolving Loan Fund will be accepted by the City of Garner at any time during the year and considered on a continuous basis contingent on the availability of loan funds.
- The City of Garner Revolving Loan Fund Board will take action on completed applications within 60 days of receipt.
- Action may include funding the application for all or part of the requested amount, denial of the application for funding, or requesting that additional information be supplied prior to making a final decision.

Threshold Criteria. All applicants for the City of Garner Revolving Loan Funds must satisfy the following minimum requirements to be eligible for assistance:

A. The proposed project must create a new business or support or expand an existing business.
B. Loan Funds shall provide no more than 35% of the financing of the proposed project.
C. A business plan must be submitted that shows:
    - Feasibility of project.
    - Evidence that Revolving Loan Funds are necessary to make proposed project feasible.
    - Show adequate private equity.

A complete application must include the following items:

A. Completed application form
B. Business plan – variance may be given under special circumstances (ie: Confidential franchise information)

Evaluation Procedure.

- Applications for assistance under the Revolving Loan Fund will be submitted to the City of Garner, 135 W. 5th Street, Garner, Iowa 50438.
- The City Administrator will review the application for completeness and either return the application to the applicant with deficiencies noted, or forward the proposal to the Revolving Loan Fund Board.
- The Loan Board will have 45 days to meet to review the application. After review, the Revolving Loan Fund Board will forward to the Garner City Council for final decision.
- Applications involving improvements to the outside of a building will be automatically referred to the design committee established by the Garner Chamber of Commerce Main Street Committee prior to RLF Board review.

Rating Criteria. The RLF Committee will evaluate applications using Main Street Iowa concepts as appropriate, and reserves the right to establish further set evaluation criteria as may be necessary.

Application Information.

- The applicant must agree to allow the Revolving Loan Fund Board to research the company's history, make credit checks, contact the company's financial institution, and perform other related activities necessary for the reasonable evaluation of the application. All information will be held in the strictest confidence.
- In the event inaccuracies, omissions, or errors are found, the Board will have the discretion of rejecting the application or re-evaluating it based on correct information.

Loan Agreement.

- If a proposal is recommended for funding by the Revolving Loan Fund Board, the applicant will sign loan documents with the City of Garner.
- This agreement, at a minimum will establish the interest rate, term of loan, fees, and securities/collateral of loan funds.

Confidential Records.

- The contents of a completed Revolving Loan Fund application are open to public inspection. Some portions of the required attachments submitted in connection with an application are treated as confidential by the City of Garner.
- The City of Garner treats the following records as confidential and they are withheld from public disclosure:
  a. Personal financials
  b. Business financial projections
  c. Business Plan

City of Garner
Retail Revolving Loan
Fund Application

Name of Applicant: _____

Business Name & Type: _____

Project Address: _____

Financial Institution: _____

Project Address: _____

Contact Phone Number: _____

1. Does the Applicant own the project building? ___ Yes ___ No
   If not, please provide building owner's name and address:

   _____

   The Committee reserves the right to request written permission from the building owner prior to construction proceeding.

2. Please briefly describe the project:

   _____

   _____

   _____

   _____

   _____

   _____

3. Does the project involve improvements to the outside of the building?
_____ Yes _____ No

If Yes, the project will go to the Design Review committee to see that the improvements proposed meet Main Street guidelines for building improvements. This does not necessarily lengthen the approval process.

4. Has applicant completed a consultation with the John Pappajohn Entrepreneurial Center (required for all new applicants)? ___ Yes ___ No

5. Has applicant completed the NIACC FastTrac or similar business development program (required within one year of loan authorization)? ____ Yes ____ No

6. Estimate of total cost: _____
Please attach a detailed project budget & business plan if available.

7. Amount of funding requested: _____

8. Approximate timeframe for project: _____
Attach schedule if necessary.

I have read the Garner Retail Revolving Loan Fund guidelines, and, believing I qualify, submit this application in good faith on behalf of the above-listed business. I certify that I have the authority to enter into contracts on behalf of the business at the business address listed.

I hereby authorize the John Pappajohn Entrepreneurial Center to discuss my business with a designated representative of the Garner Retail Revolving Loan Fund.

Signature of Applicant: _____

Printed Name of Applicant: _____

Date Submitted: _____

FOR OFFICE USE ONLY

Date Submitted: _____ Amount Approved: _____

Design Comment:_____ Date Funds Dispersed: _____

City of Garner
135 West Fifth Street
Garner, Iowa 50438
(641) 923-2588
(641) 923-4012 (fax)

ACH AUTHORIZATION

I, _____, authorize the City of Garner to initiate debit entries in the amount of $_____ at the financial institution named below for the purpose of automatically withdrawing funds from my account.

_____ _____
Bank Name Branch (City, State)

Type of Account: ____ Checking
____ Savings

This authority is to remain in full force and effect until the City has received written notification from me of its termination in such time and manner as to afford the City and Bank a reasonable opportunity in which to act.

_____ _____
Printed Name Phone

_____ _____
Signature Date

***** A VOIDED CHECK OR DEPOSIT SLIP (IF SAVINGS) MUST BE ATTACHED HERE*****
(For routing number and account number verification)

City of GARNER
THE JEWEL IN THE CROWN OF IOWA

Retail Revolving Loan Fund
Credit Check Authorization

I hereby grant authorization to the City of Garner to perform a personal credit history check in connection with my application for funding under the City's Retail Revolving Loan Fund program. Information collected will be used solely for purposes of determining my creditworthiness for this loan program.

Applicant Signature _____ Date _____

Print Name _____ Social Security Number (Needed for check) _____

If multiple applicants:

Applicant Signature _____ Date _____

Print Name _____ Social Security Number (Needed for check) _____

Applicant Signature _____ Date _____

Print Name _____ Social Security Number (Needed for check) _____