



## **Hancock County Small Business Revolving Loan Fund Guidelines**

### **1. Purpose**

In an effort to promote economic development in the Hancock County area, The Hancock County Economic Development Corporation (HCEDC) has established a revolving loan fund to provide financial assistance to small and emerging private businesses. The Hancock County Small Business Revolving Loan Fund (HCSBRLF) was established with contributions by the HCEDC and local banks.

### **2. General Guidelines**

#### **Types of Assistance**

- The HCSBRLF will provide direct loans to small and emerging private business enterprises.
- The interest rate charged and the length of the loan will be determined for each project individually based on demonstrated need and anticipated repayment capacity of the borrower. Borrowers may be eligible for deferred payments for up to six months, based on the determination of the HCSBRLF Board.
- Typical loan term would be for no longer than 3 years with an interest rate of 3%.
- A minimum loan amount will be \$1,000 with a maximum of \$2,500.

#### **Business Eligibility**

- Applications will be accepted from businesses within the borders of Hancock County and the corporate city limits of Forest City.
- 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 sales 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).

#### **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 HCSBRLF project must be within Hancock County or the corporate city limits of Forest City.
- If the project activity is moved outside the eligible area during the life of the loan, any HCSBRLF funds must be repaid immediately, including outstanding principal and interest.

### **Security of Loan Required**

- Personal guarantee of the loan will be required.

### **Application Procedure**

- An original and one copy of the application shall be submitted to the Hancock County Economic Development Corporation. Application form and instructions will be available upon request from the HCEDC at 600 West 3<sup>rd</sup> Street, PO Box 135, Garner, Iowa 50438, 641.923.9921 or at [www.hancockcountyiowa.com](http://www.hancockcountyiowa.com).
- Applications for the HCSBRLF will be accepted by the HCEDC at any time during the year and considered on a continuous basis contingent on availability of loan funds.
- The HCSBRLF 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 HCSBRLF must satisfy the following requirements to eligible for assistance:
  - The proposed project must create a new business or support or expand an existing business
  - A complete application must include the following items:
    - Completed application form
    - Completed financial statement
    - Authorization to obtain credit report

### **Evaluation Procedure**

- Applications for assistance under the HCSBRLF will be submitted to the HCEDC 300 West 3<sup>rd</sup> Street, PO Box 135, Garner, Iowa 50438.
- The HCEDC Executive Director will review the application for completeness and either return the application with discrepancies noted, or forward the proposal to the HCSBRLF Board.



### **Application Information**

- The applicant must agree to allow the HCSBRLF board to research the company's history, make credit checks, contact the company's financial institution and perform other related activities necessary for 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 in based on correct information.

### **Loan Agreement**

- If a proposal is recommended for funding by the Board the applicant will sign a loan document with the HCEDC.
- This agreement, at a minimum will establish the interest rate, term of loan, fees, securities/collateral of funds and an ACH authorization.

### **Confidential Records**

- The HCSBRLF board treats the following records as confidential and they are withheld from public disclosure:
  - Personal financials
  - Business financial projections
  - Business plan