

BROWN COUNTY
BROWN COUNTY ECONOMIC DEVELOPMENT REVOLVING LOAN FUND
MANUAL

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Using
Community Development Block Grant Funds

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FOREWORD

The Wisconsin Community Development Block Grant (CDBG) Program, administered by the Wisconsin Department of Commerce, provides local government with funds to use for economic development, more specifically, for business start-ups and expansion. These funds, received from the U.S. Department of Housing and Urban Development, are used to provide grants to local units of government that use the funds to loan to a business. The business, in return for use of the public funds, provides private investment towards the assisted activity and most importantly creates job opportunities, principally for the benefit of low and moderate persons.

When a business repays Brown County the loan (principal and interest payments), these funds are used to capitalize a local revolving loan fund (RLF). With the RLF, Brown County can make additional loans to businesses wishing to expand or locate in the County. In administering a RLF, Brown County becomes a "bank" and accepts all of the responsibilities of a commercial lender when it makes a CDBG or RLF loan to a business.

This manual contains RLF policies and procedures to govern the use of revolving loan funds. Brown County has designed and adopted procedures that best fit its particular needs.

SECTION 1. GENERAL PROVISIONS

1.1 PURPOSE

The purpose of the policies and procedures contained within this manual, hereafter referred to as the Brown County Economic Development Revolving Loan fund Manual, is to present the criteria which governs the economic development activities assisted with funds made available through the Brown County Revolving Loan Fund (RLF) program.

1.2 OBJECTIVES

Economic development activities assisted with funds made available through the RLF Program are intended to meet the following objectives:

- (1) To encourage the creation and retention of permanent jobs, which provide a wage, appropriate to the skills and experience of the local labor force and that is competitive. A minimum of 51 percent of the jobs created shall be made available to low and moderate-income persons.
- (2) To encourage the leveraging of new private investment into Brown County in the form of fixed asset investment, particularly in land and buildings.
- (3) To perpetuate a positive and proactive business climate which encourages the retention and expansion of existing businesses and helps to attract desirable new businesses.
- (4) To implement Brown County's economic development goals and objectives.
- (5) To maintain and promote a diverse mix of employment opportunities and to minimize seasonal or cyclical employment fluctuations.

- (6) To encourage the development and use of modern technology and create safe work environments.

1.3 AMENDMENTS AND MODIFICATIONS

Brown County may from time to time amend the provisions imposed by the policies and procedures contained within the RLF manual and such amendments are subject to prior written approval by the Wisconsin Department of Commerce, RLF Administrator of the Wisconsin Community Development Block Grant Program (CDBG) that provides the funds used to capitalize the RLF.

SECTION 2. ADMINISTRATION

2.1 ADMINISTRATION OF THE REVOLVING LOAN FUND

The Brown County Planning Commission located at Rm. 320, Northern Building, 305 E. Walnut St., Green Bay, WI 54301 will serve as the RLF Administrator agent for the program and its related activities. The Brown County Treasurer has established a separate checking account and reserves its use solely for this program. Funding decisions will be made by the Loan Administration Committee that consists of 5-10 members appointed by the County Executive.

2.2 LOAN REVIEW BOARD

- (1) Brown County shall establish a formal Loan Review Committee, which shall consist of individuals representative of broad Community interests, and having special expertise and knowledge of commercial lending and economic development processes. Expertise on the Committee optimally shall include representation from the governing body, the planning commission, the local development corporation, the local chamber of commerce, the local banking community, a business law attorney, and the RLF Administrator appointed by the community.
- (2) The Loan Review Committee shall have the authority to review, select and approve loan applications. The Committee shall also have the authority to make policy recommendations for the administration of the program. Periodic activity reports prepared by the RLF Administrator shall be provided to members of the Brown County's governing body.
- (3) The RLF Administrator shall explain the Program to prospective applicants, provide written information, assist applicants in completing applications, and process requests for financing. The RLF Administrator, where necessary and appropriate, shall counsel or guide loan applicants to other more appropriate technical and financial resources when the loan applicant has needs beyond those available from the RLF program.
- (4) The RLF Administrator shall periodically review all financial statements and loan amortization schedules of RLF loan recipients, review and approve documentation of business expenditures financed with RLF proceeds, record RLF security instruments.
- (5) The Brown County Department of Administration shall maintain the RLF accounting records which shall be segregated from other County accounts, and provide reports to the Department of Commerce regarding the use of the RLF funds.

- (6) Brown County Corporation Counsel shall prepare all loan agreements, review all promissory notes and mortgage or lien instruments, and counsel Brown County on default matters.
- (7) The RLF Administrator shall be responsible for the maintenance of all other records for the local RLF, particularly those related to the expenditures of the RLF monies for program administration purposes.

2.3 MEETINGS

Loan review meetings shall be held on an as-needed basis. Pursuant to Section 19.84, Wisconsin Statutes, all Committee members shall be given prior notice of each meeting. A majority of the Committee in attendance at a meeting constituting a quorum shall be required for official Committee action. Official actions must have the support of the majority of the Committee members present.

2.4 RECORDS

Written records of all program activities, including program meetings, loan applications, and related documents, shall be maintained in appropriate files. All files should be maintained in a secure place with limited access by authorized personnel. The Brown County's legal counsel shall be consulted in regard to compliance with state and municipal open records laws.

The following files shall be established and maintained for each loan recipient:

- (1) Loan Application File: All application, business financial statements, personal financial statements, credit reports, business plan documents, and other supporting loan information submitted to the Community, including all applicable correspondence, shall be placed in a permanent file.
- (2) Loan Recommendation File: This file should contain a summary of the analysis, recommended actions for the application, and a copy of the minutes for the Loan Review Committee meeting summarizing the action taken on the loan request.
- (3) Loan Closing File: This file contains copies of all loan-closing documents. This file contains all the legal documents from the loan closing, including security instruments, the note and other applicable correspondence and shall be placed in a locked, fireproof safe. The Brown County's Corporation Counsel should be involved in helping create and complete this file to insure complete loan documentation. Copies of the loan closing documents and an amortization schedule will be provided to the loan recipient, along with an invoice, if applicable, for loan closing and servicing fees.
- (4) "Tickler File" System: A tickler file system should be established and maintained to ensure that loan repayments, financial information, the loan agreement, UCC updates, and other time sensitive documentation requirements are tracked and obtained as required. The system should include the following monthly coded index files:
 - 1) Expiration dates for property, casualty and life insurance policies;
 - 2) Due dates for all financial statements;

- 3) Expiration dates for UCC financing statements, the reminder to update being at least 45 days prior to the expiration of the UCC filing on hand;
- 4) Scheduled dates of annual loan performance and covenant reviews;
- 5) Dates for site visits;
- 6) Due dates for property tax payments and dates by which Brown County expects to hear from the borrower regarding confirmation of payment of taxes;
- 7) Review dates for job monitoring; and
- 8) Dates on which loan recipients will be notified of scheduled changes in the loan amortization scheduled per loan agreements.
- 9) Financial Statement File: This file should contain the business' periodic financial statements as required by the loan covenants with a statement indicating that the RLF Administrator reviewed the data.
- 10) Progress Report File: Loan recipients should be required to submit periodic progress reports during the outstanding term of the loan. Brown County should make periodic site visits to verify information in the progress report and financial statements. These site visits should be documented for the file.
- 11) Site Visit File. Site visits should be conducted periodically to each loan recipient, the scheduling of which depends on the nature of the project. A summary of the site visits should be placed in the file, particularly highlighting any information that can help in rating the overall condition/risk of the loan.
- 12) Repayment Monitoring File: This file should include the loan amortization schedule, status of payments, and the outstanding balance of the loan. Observations suggesting concerns or problems should be reported to the RLF Committee and notations shall be placed in the tickler file to remind the RLF Administrator of the need to provide continued monitoring. If payments are made to an office (i.e. controller's or clerk's), there needs to be in the file receipts of payments and there needs to be a system in place to insure the timely notification of payments to the RLF Administrator.

The RLF Administrator will notify the loan recipient in writing of the deficiency and the action that will be taken should the payment not be made. Should there be a late payment, the RLF Administrator will contact the loan recipient to determine the reason for the delayed payment. Contact may need to be made with other participating lender(s) to determine if their loans are current and to alert the lender of a potential problem. All payments shall be applied first to accrued late payment penalties, then to interest accrued and then to principal.

- 13) Loan Review File: All loans are to be reviewed on an annual basis, and at such other times as may be deemed necessary by Brown County. The review should follow receipt of the fiscal year-end financial statements, the year-end progress reports, and site visits. A report on the loan review shall be in the file and address the following: timeliness of monthly payments; condition of collateral

securing the loan and status of security documents (i.e. mortgages, UCC filings); overall financial condition of the business; the presence of material liens or lawsuits; and violations of loan covenants and suggested corrective actions.

If the business is experiencing problems with any of the above criteria, the RLF Administrator is to work with the loan recipient to identify actions that are needed to correct the identified deficiencies, including possible restructuring of the loan to protect the Brown County's interest and meet the needs of the business. If appropriate, the RLF Administrator will arrange for business assistance, including services available through the University of Wisconsin-Extension, Small Business Development Center (SBDC), the Service Corp of Retired Executives (SCORE), and other entities having an interest in serving the needs of businesses.

In the event the findings of the loan review suggest serious problems, particularly if the loan is at risk for default, the account should be turned over to Brown County Corporation Counsel for legal action in order to initiate steps necessary to protect the loan and to insure the maximum repayment of the balance due. Again, corrective actions may be achieved through restructuring or if necessary, foreclosure actions.

2.5 ADMINISTRATION

Reasonable administrative funds may be withdrawn from the RLF to cover personnel costs and other administrative expenses. Local funds may be used in situations when loan repayments are insufficient to cover administrative costs. Administrative expenses of fifteen (15) percent of program income may be used for direct loan administrative costs. In addition to paying costs for a RLF Administrator, these funds may be used for the following:

- (a) Legal costs.
- (b) Consulting fees for credit analysis, business plan reviews and technical assistance.
- (c) Office supplies, copying, typing, mailing, and related.
- (d) Training costs.

To generate additional revenue to cover administrative costs, Brown County will charge a loan origination fee of 1/2 percent on all loans. The loan origination fees will be used to pay the RLF Administrator for administrative costs associated with the loan fund program. The accounting of the fee revenue placed in the RLF should include separate line items to track administrative expenses recovered.

SECTION 3. ELIGIBILITY CONSIDERATIONS

3.1 ELIGIBLE AREA

The area served by the RLF program shall be within the corporate limits of Brown County.

3.2 ELIGIBLE APPLICANTS

- (1) Applications may be submitted to the RLF Administrator (Brown County Planning Commission Rm. 320, Northern Building, 305 E. Walnut St., Green Bay, WI 54301) by the sole proprietor or Chief Executive Officer of any business wishing to establish a new operation or expand an existing operation in Brown County.
- (2) No member of the governing body, loan review board, or any other official, employee, or agent of Brown County who exercises decision-making functions or responsibilities in connection with the implementation of this program is eligible for financial assistance under this program.
- (3) No program loans will be made which are in conflict with Section 946.13 of the Wisconsin Statutes (Private Interest in Public Contract Prohibited).
- (4) Applicants shall not be disqualified based on age, race, religion, color, handicap, sex, physical condition, development disability as defined in s. 51.01(5), sexual orientation or national origin.

3.3 ELIGIBLE ACTIVITIES

Program loans shall be available to eligible applicants for the following activities:

- (1) The acquisition of land, buildings, and fixed equipment.
- (2) Site preparation and the construction or reconstruction of buildings or the installation of fixed equipment.
- (3) Clearance, demolition, or the removal of structures or the rehabilitation of buildings and other such improvements.
- (4) The payment of assessments for sewer, water, street, and other public utilities if the provision of the facilities will directly create or retain jobs.
- (5) Working capital (inventory and direct labor costs only).

3.4 INELIGIBLE ACTIVITIES

Program loans shall not be available for the following activities:

- (1) Refinancing or consolidating of existing debt.
- (2) Reimbursement for expenditures prior to loan approval.
- (3) Specialized equipment that is not essential to the business operation.
- (4) Residential building construction or reconstruction (unless such reconstruction is intended to convert the building to a business or industrial operation).
- (5) Routine maintenance.

- (6) Professional services such as feasibility and marketing studies, accounting, management services, and other similar services. Legal services incurred in the closing of a RLF loan are eligible.
- (7) Other activities that the Loan Review Committee may identify during the administration of the program.

3.5 INELIGIBLE BUSINESSES

Program loans shall not be available for the following businesses:

- (1) Speculative investment companies.
- (2) Real estate investment companies.
- (3) Lending institutions.
- (4) Gambling operations.
- (5) Non-public recreation facilities.
- (6) Other businesses not serving the interest's of the Community.

3.6 MINIMUM REQUIREMENTS

To be eligible for funding, a proposed project must meet all of the following minimum requirements:

- (1) Private Funds Leveraged. The applicant must leverage a minimum of one dollar (\$1.00) of private funds for every one dollar (\$1.00) of loan funds requested. Higher leverage may be required at the discretion of the Loan Review Committee.
- (2) Cost Per Job Created. At least one (1) full-time permanent position or full-time equivalent must be created for every \$20,000 of program funds requested. The Committee may require lower job cost where warranted, (i.e. taking into consideration type of jobs, hourly wage, etc.)
- (3) Financial Feasibility and Business Viability. The applicant must demonstrate that the proposed project is viable and the business will have the economic ability to repay the funds.
- (4) Low and Moderate Income (LMI) Benefits. The project shall provide increased permanent employment or will retain existing jobs, which would have been lost locally. Of the jobs created or retained by the project, at least 51 percent of these jobs must be made available to low to moderate income persons, (as defined by household incomes published by the U.S. Housing and Urban Development and available through the Wisconsin Department of Commerce).
- (5) Compliance with Applicable Laws. Applicants shall comply with all applicable local, state, and federal laws and codes.

- (6) Project Completion. Projects shall be completed within 24 months from the date of the loan approval. Applicants shall provide the RLF Administrator a project implementation schedule not exceeding 24 months for project completion and job creation, and maintain the positions created for 24 months.

SECTION 4. TERMS AND CONDITIONS

4.1 TERMS AND CONDITIONS

Loan terms and conditions shall be structured on need and ability to repay. Minimum standards shall include the following:

- (1) Loan Amount. Loan amounts are subject to the availability of program funds. A minimum loan of \$10,000.00 and a maximum loan of \$250,000.00 for each borrower.
- (2) Interest Rate. The interest rate shall be established by the Loan Review Committee.
- (3) Terms for Loans.
 - (a) Working capital loans shall have a maximum term of seven years.
 - (b) Loans for machinery, equipment and fixtures shall have a maximum term of ten years.
 - (c) Real estate loans shall have a maximum term of 12 years which can be amortized on a 20-year basis with the option of refinancing for an additional 8 years.
 - (d) In any case, the loan shall not have a term longer than the terms of the other private financing in the project.
- (4) Period of Payment. Terms may include longer amortization schedules with balloon payments. Amortization schedules shall be set up for monthly payments.
- (5) Repayment. Payment of interest and/or principal may be deferred during the implementation period of the assisted activity if merited in the loan application. Interest shall accrue during the deferment period and may be paid in full or added to the principal amount of the loan. Following the deferral period, interest and principal shall be paid for the remaining term of the loan.
- (6) Prepayment. There shall be no prepayment penalties.
- (7) Collateral. Brown County will seek to have the best possible collateral position possible to ensure that RLF loans are adequately secured.

SECTION 5. APPLICATION PROCEDURES

5.1 DISCUSSION OF REQUIREMENTS

Prior to submitting an application, the applicant shall discuss the program with the RLF Administrator. The RLF Administrator shall assist the applicant, as is reasonably necessary, in

completing the application. All financial information will be kept in a secured place with limited access by authorized personnel only.

5.2 TIMING

Applications may be submitted at any time during the calendar year.

5.3 PRIORITY

Applications shall be reviewed in the order received and based on readiness for the proposed project to proceed. In the event that loan funds requested exceed available funds, the following criteria will be used to determine which business(es) will be awarded the loan(s):

- (1) Eligibility of the applicants.
- (2) Eligibility of the project to be undertaken.
- (3) The extent to which private funds are to be leveraged.
- (4) The extent to which jobs are to be created, and the type jobs and wages.
- (5) The extent to which the loan can be secured.
- (6) Evidence of ability to repay the loan.
- (7) Size of the loan requested.
- (8) Timing of the proposed expenditures.
- (9) Completeness of application.
- (10) Other factors as deemed appropriate.

5.4 LOAN APPLICATION

Application Procedures

Businesses that are interested in applying for a loan will be requested to submit an application along with supporting documentation and a \$100 non-refundable loan application fee, to the RLF Administrator (Brown County Planning Commission whose office is located at 305 E. Walnut St., Green Bay, WI 54301). A copy of the application and standard conditions are included as Attachment A to this Manual.

- (1) Business Description. A written description of the business, including the following:
 - (a) A brief history of the existing or proposed business, including when it started or is to start, type of operation, legal structure, markets, and products.
 - (b) Key customers and clients.

- (c) A personal resume of each principal associated with the business, including: number of years of experience in the business; educational background; and role in the proposed or existing business.
 - (d) Three years of financial history including balance sheets, profit/loss statements, cash flow statements and accountant notes.
- (2) Project Description. A description of how the business plans to use the requested funds.
 - (3) Commitments from Private Lenders. This consists of commitments from all private lenders making loans to the project. Lender commitment letters should include:
 - (a) Description of the type of loan being made by the lender (first mortgage, permanent financing, construction financing, etc.)
 - (b) The amount of the loan, interest rate, term, and security, availability, and repayment schedule and amounts.

These commitments shall be obtained concurrently with the negotiation of the terms and conditions of the RLF Program loan to insure the interest of Brown County are secured.

- (4) Projections. Provide proformas (a balance sheet & income statement and cash flow statement). These should cover a three-year period and should be based on the assumption that the business will receive the requested loan.
- (5) Additional Information. Additional information as may be required by the Loan Review Committee, or the RLF Administrator.

5.5 REVIEW PROCESS

Specific steps in the review process include the following:

- (1) Preliminary Review. The RLF Administrator will review the application for completeness and verify that the proposed project meets the minimum requirements provided in Section 3.6. If the application is not complete, the RLF Administrator will inform the applicant of the deficiencies.
- (2) Formal Review. The Loan Review Committee will meet to review an application within 30 days of the receipt of a completed application or at some other predetermined schedule. Once the review is completed and the proposal is acceptable for funding, the Loan Review Committee will forward the proposal to the RLF Administrator to act on loan requests.
- (3) Negotiation of Terms. Upon the acceptance by the governing body, the RLF Administrator will contact the business in writing to review and explain the terms of the loan.
- (4) Notice of Award. If the application is approved, a closing will be scheduled to execute the necessary loan documents.

- (5) Rejection of Award. If the application is not approved, the RLF Administrator will send a letter to the applicant stating the reasons for rejection and offer to meet with the applicant to explore ways to strengthen the loan request or to identify alternative funding sources.

SECTION 6. DISTRIBUTION OF FUNDS

6.1 LOAN PROCEDURES

Prior to releasing funds, the following documentation must be in place or provided at the appropriate time during the term of the loan.

- (1) Notice of Award. The Loan Review Committee must have reviewed and approved a complete application for an eligible applicant.
- (2) Loan Origination Fee. The business will be required to pay a loan origination fee equal to one-half of one percent (.5%) of the loan prior to closing.
- (3) Loan Agreement. Brown County Corporation Counsel shall review a loan agreement, which shall be executed by the Brown County's Executive, Clerk and the Chief Executive Officer of the business.
- (4) Promissory Note. A promissory note shall be reviewed by Brown County Corporation Counsel and signed by the Chief Executive Officer at the time of loan closing. The note must be dated; it must reference the agreement between Brown County and the business; and, it must specify the amount and terms of the loan funds delivered.
- (5) Security. Mortgage or lien instruments or personal guarantees provided as security for all loans shall be reviewed by Brown County Corporation Counsel and executed at the time of the loan closing. The RLF Administrator, shall record the instrument and place a copy in the project file to include:
 - (a) Mortgage and/or security agreement.
 - (b) UCC searches and filing.
 - (c) Guarantee agreement.
 - (d) Title insurance or Abstract.
 - (e) Assignment of Life Insurance.
 - (f) Casualty Insurance binder.
 - (g) Personal guarantee.
 - (h) Other documentation as may be appropriate.
- (6) Repayment Schedule. The RLF Administrator shall prepare a loan repayment or amortization schedule after the loan proceeds are fully disbursed. The repayment schedule shall be dated and signed by both the CEO and the Chief Executive Officer of

the business. At that time, the repayment schedule shall be attached to both parties' copies of the agreement.

- (7) Evidence of Permits, etc. Documentation must be provided by the applicant that the applicant prior to the release of program funds has obtained all necessary permits, licenses, and any other registrations required.
- (8) Evidence of Program Expenditures. Documentation must be provided by the business to evidence program expenditures prior to the release of funds. Documentation shall include bills and invoices or receipts for materials, final bills of sale or canceled checks. All documentation shall be reviewed and approved by the RLF Administrator.
- (9) Fixed Equipment. Fixed equipment financed with program funds must have been purchased, delivered, and installed. The RLF Administrator shall verify the installation of fixed equipment.
- (10) Other Documentation. As appropriate or necessary, the borrower may be asked to provide the following:
 - (a) A certificate of status from the Department of Financial Institutions.
 - (b) The Articles of Incorporation and by-laws.
 - (c) A Board resolution to borrow funds and Secretary's certificate.
 - (d) Current financial statements.
 - (e) Evidence of having secured other funds necessary for the project.
 - (f) An Environmental Assessment for real estate loans which may either be a Phase I, II, or III analysis, depending on the environmental condition of the site.

With the above documentation in place, the RLF Administrator will schedule a loan closing. All documents will be executed before funds are disbursed, and mortgages and UCC Statements shall be recorded with the Register of Deeds and the Secretary of State (the Appendix contains a Loan Closing Documentation Checklist).

SECTION 7. POST APPROVAL REQUIREMENTS

7.1 OBLIGATION OF LOAN RECIPIENT

In addition to the terms and conditions of the loan, all borrowers shall agree to comply with the following:

- (1) The creation or retention of the agreed upon number of jobs within 24 months of the date of the execution of the loan agreement with the Community.
- (2) Not to discriminate on the basis of age, race, religion, color, handicap, sex, physical condition, development disability as defined in s. 51.01(5), sexual orientation or national origin in any employment or construction activity related to the use of the business loan funds.

- (3) To use the loan money only to pay the cost of services and materials necessary to complete the project or activity for which the loan funds were awarded.
- (4) To permit inspections by the RLF Administrator or by persons authorized by Brown County or its agents of all projects and properties assisted with loan funds. Related project materials shall also be open to inspections, which include, but may not be limited to, contracts, materials, equipment, payrolls, and conditions of employment. Requests for inspection shall be complied with by the borrower.
- (5) To maintain records on the project as may be requested by Brown County. These files shall be maintained as long as the loan is active or for at least three (3) years after completion of the work for which the loan has been obtained, whichever is longer.
- (6) To submit periodic progress reports to the RLF Administrator in accordance with the schedule in the loan agreement. These reports shall report on project progress including number of jobs created or retained during the loan agreement.
- (7) To maintain fire and extended coverage insurance on the project property required during the term of the loan. Brown County shall be listed as Loss Payee, Mortgagee, or "additional" insured on the policy. Term life insurance may be required of the applicant to cover the loan balance through the life of the loan.
- (8) To abide by all federal laws, when applicable. These include, but may not be limited to: The Civil Rights Act of 1964; the Age Discrimination Act of 1975; the Davis-Bacon Act, as amended; the Contract Work Hours and Safety Standards Act; the Copeland "Anti-Kickback" Act; and, all regulations pursuant to these Acts.

SECTION 8. PERFORMANCE MONITORING

8.1 PRIVATE LEVERAGE COMMITMENTS

The RLF Administrator shall monitor the use of the funds and expenditure of private leverage commitments. Documentation may include invoices or receipts for materials and supplies, letters from lenders, final bills of sale, and canceled checks.

8.2 HIRING OF NEW EMPLOYEES

The RLF Administrator shall monitor the borrower's progress in meeting agreed upon job creation or retention goals. Job creation must be documented using payroll records. Before-project and after-project payroll records should be provided by the borrower to document job creation. Failure of the business to provide the targeted number of LMI level jobs may be a condition for default unless the business can show it made a good faith effort to create the targeted number of LMI jobs but did not succeed due to reasons beyond its control.

8.3 DEFAULT

In the event the business is in default on any of the terms and conditions of the loan agreement, all sums due and owing, including penalties, shall, at the Brown County's option, become immediately due and payable. To exercise this option, Brown County's Corporation Counsel shall prepare a written notice to the business. The notice shall specify the following:

- (a) The default.
- (b) The action required to cure the default.
- (c) A date, not less than thirty (30) days from the date of the notice, by which the default must be cured to avoid foreclosure or other collective action.
- (d) Any penalties incurred as a result of the default, jobs, etc.

SECTION 9. USE OF LOAN REPAYMENTS AND REPORTING

9.1 RLF PROGRAM

Repaid loans shall be re-deposited into the Revolving Loan Fund account and used in a manner consistent with the policies and procedures manual. A separate accounting record for each loan shall be kept to account for all funds loaned. The RLF account shall be audited on an annual basis and the RLF Administrator shall provide semi-annual reports to Commerce, June 30 and December 31, regarding the use of program income. Reports shall be submitted on forms prescribed by the Wisconsin Department of Commerce.

SECTION 10. LOAN SERVICING

10.1 MONITORING

The RLF Administrator shall monitor each loan to ensure compliance with the loan terms and conditions and to monitor the financial health of the business to insure continued repayment of the loan. The monitoring will also ensure that all recordkeeping requirements are met particularly in regard to job creation and expenditures of matching funds.

A loan servicing file shall be established and maintained for each loan recipient that includes all written correspondence; a record of important telephone conversations; a list of applicable loan covenants; certificates of insurance for builder's risk, property-casualty, and life insurance, as applicable; and documentation for job creation and retention including low and moderate income certifications forms.

10.2 RECORDKEEPING

In addition to the above, the RLF financial management records must be comprehensive and designed to provide the following information:

- (a) A Revolving Loan Fund Register that records all deposits and disbursements to and from the RLF, including funds used for RLF administration.
- (b) A CDBG Loan Repayment Register that records repayments made by each business which has received a loan from the RLF. It also tracks the balance of repayments from all loans from the RLF.

- (c) A Collection Register for every loan made. Each register contains the business name, loan date, loan amount, terms, and date repayment begins. Payments are divided into principal and interest payments with a declining principal balance.
- (d) RLF Loan Repayment Registers that record repayments made by each business, which has received a loan from the RLF. It also tracks the balance of repayments from all loans from the RLF.

LOAN CLOSING DOCUMENTATION CHECKLIST

	Date Requested	Date Received	If Recording Required:		Not Applicable
			Date Recorded	Date Returned	
FOUNDATION DOCUMENTATION					
Financial Statements	_____	_____	_____	_____	_____
Certificate of Corporate Good Standing from Sec. of State	_____	_____	_____	_____	_____
Loan Commitment Letter	_____	_____	_____	_____	_____
Loan Agreement	_____	_____	_____	_____	_____
Borrowing Resolution or Agreement	_____	_____	_____	_____	_____
Certified Copy of Resolution Authorizing Actions Taken	_____	_____	_____	_____	_____
Sole Ownership Affidavit	_____	_____	_____	_____	_____
Other	_____	_____	_____	_____	_____
GUARANTEES/DEBT SUBORDINATION					
Unlimited, Limited, or Specific Guarantee	_____	_____	_____	_____	_____
Spousal Consent	_____	_____	_____	_____	_____
Debt Subordination	_____	_____	_____	_____	_____
Authorizing Resolution or Agreement	_____	_____	_____	_____	_____
Other	_____	_____	_____	_____	_____
POSSESSORY COLLATERAL INCLUDING LIFE INSURANCE					
Possession of Policy	_____	_____	_____	_____	_____
Assignment of Policy as Collateral	_____	_____	_____	_____	_____
Transmittal Letter and Request for Acknowledgement and Policy Information	_____	_____	_____	_____	_____
Other	_____	_____	_____	_____	_____
NONPOSSESSORY COLLATERAL					
Release of Prior Lender Filings	_____	_____	_____	_____	_____
Security Interest Subordination Agreement	_____	_____	_____	_____	_____
Business Chattel Security Agreement	_____	_____	_____	_____	_____
Selective Business Security Agreement	_____	_____	_____	_____	_____
Financing Statement	_____	_____	_____	_____	_____
Financing Statement Fixtures - Real Estate Records	_____	_____	_____	_____	_____
Motor Vehicle Perfection	_____	_____	_____	_____	_____
Insurance Binder on Collateral	_____	_____	_____	_____	_____
Other	_____	_____	_____	_____	_____
REAL ESTATE					
Survey	_____	_____	_____	_____	_____
Appraisal	_____	_____	_____	_____	_____
Casualty Insurance Binder	_____	_____	_____	_____	_____
Title Insurance Binder	_____	_____	_____	_____	_____
Title Insurance Policy	_____	_____	_____	_____	_____
Title Opinion Based on Abstract	_____	_____	_____	_____	_____
Check of Legal Description Against Deed, Mortgage, and Title Insurance Binder	_____	_____	_____	_____	_____
Environmental Audit	_____	_____	_____	_____	_____
Mortgage	_____	_____	_____	_____	_____
Business Real Estate Security Agreement	_____	_____	_____	_____	_____
Flood Plain Certificate	_____	_____	_____	_____	_____
Flood Plain Notice	_____	_____	_____	_____	_____
Real Estate Mortgage Subordination Agreement	_____	_____	_____	_____	_____
Other	_____	_____	_____	_____	_____
NOTE DISBURSEMENTS					
Business Note	_____	_____	_____	_____	_____
____ Statement	_____	_____	_____	_____	_____
Other	_____	_____	_____	_____	_____
COMPLETED BY:					
RENEWED BY:					

Attachment B
BROWN COUNTY
Wisconsin Development Fund Revolving Loan Fund Application

1. Business Name _____

2. Brief Project Description _____

3. Contact Name & Address _____

Telephone: (____) _____ Federal I.D. # _____

Fax Number: (____) _____ Email Address _____

4. Use of RLF Funds _____

6. Source and Amounts of Funding for Project:

a) Private Lender \$ _____

b) S.B.A. \$ _____

c) Owner's Equity \$ _____

d) Brown County \$ _____

e) Other \$ _____

Total Project: \$ _____

5. Total Project Cost _____

7. Assistance requested from Brown County: (Amount, Rate, Term):

8. Job Creation (Number, full-time/part-time, pay levels):

9. Date funds needed: _____

(Applicant's Signature)

(Date)

BROWN COUNTY
ECONOMIC DEVELOPMENT FUND REVOLVING LOAN FUND
Standard Application Documentation

Please include the following supporting documentation, if applicable, along with each revolving loan fund application. All information must be signed and dated.

- (1) Application Fee. Submittal of a non-refundable loan application fee of \$100 payable to the Brown County Planning Commission.
- (2) Business Description. A written description of the business, including the following:
 - (a) A brief history of the existing or proposed business, including when it started or is to start, type of operation, legal structure, markets, and products.
 - (b) Key customers and clients.
 - (c) A personal resume of each principal associated with the business, including: number of years of experience in the business; educational background; and role in the proposed or existing business.
 - (d) Three years of financial history including balance sheets, profit/loss statements, cash flow statements and accountant notes.
- (3) Project Description. A description of how the business plans to use the requested funds.
- (4) Commitments from Private Lenders. This consists of commitments from all private lenders making loans to the project. Lender commitment letters should include:
 - (a) Description of the type of loan being made by the lender (first mortgage, permanent financing, construction financing, etc.)
 - (b) The amount of the loan, interest rate, term, and security, availability, and repayment schedule and amounts.

These commitments shall be obtained concurrently with the negotiation of the terms and conditions of the RLF Program loan to insure the interest of Brown County are secured.
- (5) Projections. Provide proformas (a balance sheet & income statement and cash flow statement). These should cover a three-year period and should be based on the assumption that the business will receive the requested loan.
- (6) Additional Information. Additional information as may be required by the Loan Review Committee, or the RLF Administrator.
- (7) Statement of anticipated benefits (job creation) from proposed loan.
- (8) Current payroll spreadsheet listing number of employees and pay scales. For each position indicate whether full-time or part-time; percentage of male/female; and minority/non-minority.
- (9) Personal financial statements of the principals, owners, officers, directors.
- (10) A source and use statement for the project.

- (11) A copy of lease, purchase agreement, or other financing arrangements.
- (12) An independent appraisal on an as-completed basis.
- (13) A letter from the Chief Executive Officer committing the business to proposed project.
- (14) Third-party documentation of the availability of private funds included in the package to include “but for” clause.
- (15) A list of collateral to be offered as security.
- (16) Copies of specifications, equipment description, and detailed cost estimates for all items to be included in total loan package. Provide third-party documentation to support estimates.
- (17) A Memorandum of Agreement between the Green Bay Office of Wisconsin Job Service and the recipient business, documenting the commitment to recruit low and moderate income persons for the low and moderate skilled jobs to be created.
- (18) Documentation that the project is in compliance with local and state building codes and zoning regulations and other applicable ordinances.