

BUSINESS INDUSTRIAL REVOLVING LOAN PROGRAM GUIDELINES  
CLINTON COUNTY ENTERPRISE DEVELOPMENT ZONE PROGRAM

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**PURPOSE/GOAL:** To establish a below market interest rate loan program for businesses and industries to improve their facilities; for the expansion of existing firms; and the start up of new business and industry in the Clinton County Enterprise Zone.

**ELIGIBILITY:** All new and existing businesses and industries within the Enterprise Zone Area are eligible to apply.

Eligible buildings shall consist of those whose primary use is retail/commercial or industrial in nature. Furthermore, priority is given to those that produce goods or services that are predominantly exported out of the EZ Area.

Loans will be made for improvements to facades; interior renovation; additions; new construction; the purchase of land and buildings for expansion of existing firms or the start up of new companies; the purchase and installation of machinery and capital equipment; working capital; and the payment of professional fees such as architects/engineers, surveyors, appraisers, accountants, attorneys, etc.

Small business owners and renters may apply, if they own the property or have a long term lease on the property for the same period as the term of the loan.

Applicants must be credit worthy and the purpose of the loan economically feasible. Applicants must demonstrate their credit worth and the ability to repay the loan.

**STANDARDS:** Loans may be made at below market interest rate, simple interest, and may be as low as 3% per annum.

The term of the loan will normally be three (3) years for working capital; five (5) years for machinery and equipment; and seven (7) to ten (10) years for real estate and improvements. There will be no prepayment penalty connected with the loan.

The maximum amount of the loan may be the lesser of: (a) up to 60% participation of the total project cost for which funding is requested; or (b) up to \$100,000 maximum for industrial/manufacturing related businesses or \$75,000 for retail/commercial related businesses depending upon the availability of funds. If applying to more than one Clinton County based loan program, the total amount of requested funds from all programs cannot exceed 60% of the total financing, not including equity.

The use of the loan funds from the Enterprise Zone Revolving Loan Program must be related to the creation or retention of jobs. One new full time job equivalent has to be created for each \$25,000 of Revolving Loan Funds or fraction thereof and must take place with three years of closing of the loan. For example: a \$50,000 loan must create two new jobs, and a \$75,000 loan must create three new jobs.

Equity will normally be 10% cash of the total project cost, as determined in the financial analysis on a case by case basis. Equity may be ownership of the property or capital equipment in the case of existing firms but cannot include inventory, and in the case of new or start-up firms, equity must be in the form of cash.

PROCESS:

Application forms may be obtained from the EZ Coordinator. Completed applications along with a 1% non refundable application fee (1% of loan request) must be returned to that same office. Any amendments to the agreement after loan closing where an Administrative Action is needed, a 1% fee of the loan balance will be due prior to approval. In addition, all legal fees will be paid by the lendee if applicable.

SEDA Council of Governments will act as the financial advisor to the Enterprise Zone Program. The EZ Coordinator will forward the application to SEDA-COG for determination of the economic feasibility of the project. SEDA-COG will determine the credit worthiness of the applicant and will make a recommendation to the Enterprise Zone Committee regarding the amount of the loan, interest rate, collateral position, and the term of the loan. The EZ Committee will forward their recommendation to the Clinton County Economic Partnership Operating Board, which makes the final determination.

If an application is not recommended by the Enterprise Zone Committee, an explanation will be given to the Clinton County Economic Partnership Operating Board. The applicant shall be notified in writing within 5 days of the EZ Committee and Operating Board's decision.

All loans shall be secured by lien positions on collateral at the highest level and priority which can accommodate the borrower's ability to raise sufficient debt and equity capital. Personal guarantees may also be required, up to the amount of the loan.

If a competitive application is made, approval by the Clinton County Economic Partnership Operating Board must be obtained prior to filling the application.

PROCESS:

The borrower will sign a loan or investment agreement with the Enterprise Zone Committee and it shall contain a provision that, if the business relocates outside the Enterprise Zone prior to the term of the loan, the outstanding balance of the loan is due and payable within 60 days.

The activity financed by the loan or investment shall commence within 120 days of approval of the loan and the project shall be completed within a reasonable time period (within one year).

The applicant will be advised that all the provisions in the loan agreement must be fulfilled and the Committee or its representative will monitor the progress of the loan recipient's project, will enforce compliance with the terms of the agreement, i.e., job creation and retention, etc. Quarterly financial reports must be submitted along with an annual report and any other information deemed necessary by the committee to administer the loan program. An annual onsite visit will be made to each approved project, as warranted.