

# CDBG BUSINESS DEVELOPMENT LOAN APPLICATION



BUSINESS NAME: \_\_\_\_\_

Contact Person	Phone	Fax		
Business Address		City	State	Zip
Email Address		Website		
Type of Business	Tax ID	Primary Bank		

Business Ownership: Name /Title \_\_\_\_\_ Ownership \_\_\_\_\_%

Have you ever filed for bankruptcy? Yes \_\_\_\_\_ No \_\_\_\_\_

Are you or your business involved in any pending lawsuits? Yes \_\_\_\_\_ No \_\_\_\_\_

(If you answered yes to one of the above, please provide a written explanation with your application.)

APPLICATION AGREEMENT: Be sure to read the agreement before signing below. I certify that the responses within this application are true and accurate to the best of my knowledge. I have read and understood the **Program Description for the Business Development Fund** contained within this application and will retain a copy for my records. I understand that this application is used only to determine eligibility. In the event that the loan request is subsequently approved, I agree to comply with all applicable federal, state, and local laws, regulations, and policies. I authorize all references contained herein, as well as any other sources of information pertaining to my creditworthiness, to disclose such information to the City of Springfield or its agents. I further authorize the City of Springfield to provide information concerning my credit relationship to credit reporting agencies or other creditors.

Name/Title \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_

**Applications are considered without regard to race, sex, color, national origin, age, religion, marital status, medical condition disabilities, or any other legally protected status.**

## **BUSINESS DEVELOPMENT LOAN APPLICATION CHECKLIST**

- \_\_\_\_\_ 1 .    A) Business plan  
          B) Project description  
          C) History and description of business  
          D) Management experience
  
- \_\_\_\_\_ 2 . Source and Use of Funds (Form enclosed)
  
- \_\_\_\_\_ 3 . Alternative Financing Statement (Form enclosed)
  
- \_\_\_\_\_ 4 . Employment Impact Data (Form enclosed)
  
- \_\_\_\_\_ 5 . Business financial statements *-for existing business only* Balance sheet & income statement from the previous 3 years
  
- \_\_\_\_\_ 6 . Business tax returns *-for existing business only*
  
- \_\_\_\_\_ 7 . Current interim financial statements *-for existing business only*
  
- \_\_\_\_\_ 8 . Financial projections Profit & loss statement and cash flow for a period of 12 months
  
- \_\_\_\_\_ 9 . Business Schedule of Debt (Form enclosed)
  
- \_\_\_\_\_ 10 Personal Financial Statement (Form enclosed)
  
- \_\_\_\_\_ 11 . Personal tax returns Previous 2 years

## SOURCE AND USE OF FUNDS

TOTAL PROJECT COST: \$ \_\_\_\_\_

SOURCE OF FUNDS	
Bank Name of Bank or lending institution	\$
City	\$
Applicant	\$
Other (identify sources/amounts)	\$
<b>TOTAL Source of Funds</b>	<b>\$</b>
USE OF FUNDS	
Land/Building	\$
Equipment	\$
Inventory	\$
Working Capital	\$
Other	\$
<b>TOTAL Use of Funds</b>	<b>\$</b>

*\* The Total Source of Funds should equal the Total Use of Funds.*

## **ALTERNATIVE FINANCING STATEMENT**

Describe your need for Business Development Fund financing and include information about your search for alternative sources of financing.

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Signature

Date

# EMPLOYMENT IMPACT DATA

TOTAL JOBS: (full time equivalents created with this project) \_\_\_\_\_

## JOB DESCRIPTION

Job Title \_\_\_\_\_ Hourly wage \_\_\_\_\_ Hours per week \_\_\_\_\_

Describe specific duties: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Skills/Experience required: \_\_\_\_\_

Intended date of hire: \_\_\_\_\_ Is job available to low/mod income individuals? \_\_\_\_\_

## JOB DESCRIPTION

Job Title \_\_\_\_\_ Hourly wage \_\_\_\_\_ Hours per week \_\_\_\_\_

Describe specific duties: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Skills/Experience required: \_\_\_\_\_

Intended date of hire: \_\_\_\_\_ Is job available to low/mod income individuals? \_\_\_\_\_

## JOB DESCRIPTION

Job Title \_\_\_\_\_ Hourly wage \_\_\_\_\_ Hours per week \_\_\_\_\_

Describe specific duties: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Skills/Experience required: \_\_\_\_\_

Intended date of hire: \_\_\_\_\_ Is job available to low/mod income individuals? \_\_\_\_\_

## JOB DESCRIPTION

Job Title \_\_\_\_\_ Hourly wage \_\_\_\_\_ Hours per week \_\_\_\_\_

Describe specific duties: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Skills/Experience required: \_\_\_\_\_

Intended date of hire: \_\_\_\_\_ Is job available to low/mod income individuals? \_\_\_\_\_

# Business Development Loan Personal Financial Statement

Financial Condition as of \_\_\_\_\_, 20\_\_\_\_

Applicant/Guarantor	Home phone	Work phone	
Co-Applicant/Co-Guarantor	Home phone	Work phone	
Residence Address	City	State	Zip

## ASSETS

Cash on Hand  
(savings, checking, etc.) \$ \_\_\_\_\_

Retirement  
(IRA, 401K, other) \$ \_\_\_\_\_

Accounts and Notes Receivable  
(describe in section 3) \$ \_\_\_\_\_

Life Insurance  
(cash surrender value) \$ \_\_\_\_\_

Stocks and Bonds  
(describe in section 1) \$ \_\_\_\_\_

Real Estate  
(describe in section 2) \$ \_\_\_\_\_

Automobiles  
(present value) \$ \_\_\_\_\_

Other Assets  
(describe in section 3) \$ \_\_\_\_\_

**TOTAL Assets** \$ \_\_\_\_\_

## LIABILITIES

Accounts Payable  
(credit cards, etc.) \$ \_\_\_\_\_

Notes Payable  
(describe in section 4) \$ \_\_\_\_\_

Loans on Life Insurance \$ \_\_\_\_\_

Mortgage on Real Estate  
(describe in section 4) \$ \_\_\_\_\_

Unpaid Taxes  
(describe in section 5) \$ \_\_\_\_\_

Other Liabilities  
(describe in section 6) \$ \_\_\_\_\_

**TOTAL Liabilities** \$ \_\_\_\_\_

**Net Worth (assets – Liabilities) \$ \_\_\_\_\_**

## EMPLOYMENT AND INCOME

Applicant/Guarantor		Co-Applicant/Co-Guarantor	
Annual Salary	\$	Annual Salary	\$
Employer		Employer	
Occupation		Occupation	
Number of Years		Number of Years	
Other Income (describe below)	\$	Other Income (describe below)	\$
Monthly Living Expenses (including rent/mortgage)	\$	Monthly Living Expenses (including rent/mortgage)	\$
*Description of Other Income:			

**SECTION 1: Stocks and Bonds**

Number of Shares	Names of Securities	Cost	Market Value/Quotation Exchange	Date Amount

**SECTION 2: Real Estate Owned**

Address/Property Type	Name(s) On Title	Purchase Date	Original Cost	Present Value	Mortgage Balance	Payment Amount	Mortgage Status

**SECTION 3: Other Assets**

Type	Name(s) On Title	Purchase Date	Original Cost	Present Value	Note Balance	Payment Amount	Due Date

**SECTION 4: Notes Payable to Banks and Others**

Names and Address of Note holder	Original Balance	Current Balance	Payment Amount	Terms (Monthly, etc.)	Security/Collateral AND Value

**SECTION 5: Unpaid Taxes**

Type	Original Balance	Current Balance	Payment Amount	Due Date

**Section 6: Other Liabilities**

Names and Address of Note holder	Type (credit card, etc.)	Original Balance	Current Balance	Payment Amount	Terms (Monthly, etc.)	Security/ Collateral

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I/we certify the above and the statements contained in the schedules herein are a true and accurate statement of my/our financial condition as of the date stated herein. This statement is given for the purpose of inducing the City of Springfield to grant a loan as requested in the application, to the individual or business whose name appears herein or furnishing a statement of my/our financial condition, pursuant to the terms of the guaranty executed by me/us at the same time the City of Springfield granted a loan to the individual or business, whose name appears herein.

**The City of Springfield is authorized to make all inquiries to the persons/entities listed herein and all others deemed necessary by the City to verify the accuracy of the statements made herein and to determine my/our creditworthiness.**

Signature \_\_\_\_\_ Date \_\_\_\_\_

Sginature \_\_\_\_\_ Date \_\_\_\_\_

**SCHEDULE OF DEBT FOR BUSINESS**

**Creditor (to whom payable)** \_\_\_\_\_ **Original Amount \$** \_\_\_\_\_

Original Date \_\_\_\_\_ Present Balance \$ \_\_\_\_\_ Rate of Interest \_\_\_\_\_ % Maturity Date \_\_\_\_\_

Monthly Payment \$ \_\_\_\_\_ Security \_\_\_\_\_ Current? Yes \_\_\_\_\_ No \_\_\_\_\_

**Creditor (to whom payable)** \_\_\_\_\_ **Original Amount \$** \_\_\_\_\_

Original Date \_\_\_\_\_ Present Balance \$ \_\_\_\_\_ Rate of Interest \_\_\_\_\_ % Maturity Date \_\_\_\_\_

Monthly Payment \$ \_\_\_\_\_ Security \_\_\_\_\_ Current? Yes \_\_\_\_\_ No \_\_\_\_\_

**Creditor (to whom payable)** \_\_\_\_\_ **Original Amount \$** \_\_\_\_\_

Original Date \_\_\_\_\_ Present Balance \$ \_\_\_\_\_ Rate of Interest \_\_\_\_\_ % Maturity Date \_\_\_\_\_

Monthly Payment \$ \_\_\_\_\_ Security \_\_\_\_\_ Current? Yes \_\_\_\_\_ No \_\_\_\_\_

**Creditor (to whom payable)** \_\_\_\_\_ **Original Amount \$** \_\_\_\_\_

Original Date \_\_\_\_\_ Present Balance \$ \_\_\_\_\_ Rate of Interest \_\_\_\_\_ % Maturity Date \_\_\_\_\_

Monthly Payment \$ \_\_\_\_\_ Security \_\_\_\_\_ Current? Yes \_\_\_\_\_ No \_\_\_\_\_

**Creditor (to whom payable)** \_\_\_\_\_ **Original Amount \$** \_\_\_\_\_

Original Date \_\_\_\_\_ Present Balance \$ \_\_\_\_\_ Rate of Interest \_\_\_\_\_ % Maturity Date \_\_\_\_\_

Monthly Payment \$ \_\_\_\_\_ Security \_\_\_\_\_ Current? Yes \_\_\_\_\_ No \_\_\_\_\_

**Creditor (to whom payable)** \_\_\_\_\_ **Original Amount \$** \_\_\_\_\_

Original Date \_\_\_\_\_ Present Balance \$ \_\_\_\_\_ Rate of Interest \_\_\_\_\_ % Maturity Date \_\_\_\_\_

Monthly Payment \$ \_\_\_\_\_ Security \_\_\_\_\_ Current? Yes \_\_\_\_\_ No \_\_\_\_\_

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Original Date \_\_\_\_\_ Present Balance \$ \_\_\_\_\_ Rate of Interest \_\_\_\_\_ % Maturity Date \_\_\_\_\_

Monthly Payment \$ \_\_\_\_\_ Security \_\_\_\_\_ Current? Yes \_\_\_\_\_ No \_\_\_\_\_

**Creditor (to whom payable)** \_\_\_\_\_ **Original Amount \$** \_\_\_\_\_

Original Date \_\_\_\_\_ Present Balance \$ \_\_\_\_\_ Rate of Interest \_\_\_\_\_ % Maturity Date \_\_\_\_\_

Monthly Payment \$ \_\_\_\_\_ Security \_\_\_\_\_ Current? Yes \_\_\_\_\_ No \_\_\_\_\_

## ATTACHMENT A

### City of Springfield CDBG Business Development Loan Program Description

#### LEVEL ONE: ELIGIBILITY

Does the project meet a National Objective as established by HUD?

CDBG funds, by statute are to be used for the purpose of creating viable urban communities through the development of decent housing, a suitable living environment and expanded economic opportunities, primarily for the benefit of low and moderate income persons. In order to demonstrate that a project or activity is in line with the purpose of the funding, HUD has developed three National Objectives: (i) Low and Moderate Income Benefit, (ii) Elimination of Slums and Blight, and (iii) Urgent Need. Corresponding with each National Objective is a series of eligible activities. Every proposal must be an eligible activity within a National Objective.

An example of an eligible National Objective and activity that a for-profit business would qualify under is Low and Moderate Income Benefit – Job Creation. In order to qualify, the proposal would involve the creation or retention of jobs, of which 51% will be held by, or made available to, low and moderate income persons. The maximum funding per full-time job created is \$35,000.

*Type of Review: Staff*

*Action: Determine eligibility. If eligible, require applicant to submit supplemental business development loan application (see attached) in addition to the standard annual request for proposals application.*

#### LEVEL TWO: ADMINISTRATIVE EVALUATION

Does the proposal meet the Federal guidelines and objectives to evaluate for-profit organizations and/or non-low and moderate - income benefit projects (based upon information provided in the supplemental application)?

HUD has established guidelines, objectives and instructions to evaluate for-profit organizations and/or non-low and moderate - income benefit projects that are designed to provide a framework for financially underwriting and selecting CDBG assisted projects that are most financially viable and will make the most effective use of the CDBG funds (24 CFR 570 Appendix A).

The guidelines are:

1. Cost reasonable. Obtain a breakdown of project costs; be aware of non-arms length transaction.
2. Other funding sources are committed. To the extent practicable verify other sources of funding, other lenders, owner or other equity.
3. Avoid substitution of CDBG funds for non-federal financial support. Are CDBG funds substituting for potential private debt financing or equity participation?
4. Financially feasible. Are assumptions involving market share, sales or growth potential, and expenses realistic? Are there provisions made for periods of negative cash flow such as lease up phase? When is the project expected to break even? Evaluate the business owner's capacity to achieve projections using the four C's of credit - cash flow, collateral, character and capacity.
5. The return on owner equity investment is reasonable. Given industry rates of return, local markets and risk projections is the owner's rate of return on investment reasonable?
6. CDBG share of investment is commensurate with other finances provided and disbursed on a pro rata basis.

The evaluation of the applications would be conducted based on standards established in the banking and lending industry. This review would be conducted by a loan review committee. The loan review committee would convene annually to review the applications from for-profit businesses received in the annual funding round. The committee would then make a recommendation to the CDAC. The loan review committee would consist of: a representative of the banking or other financial institution with expertise in lending, accountant, CDAC member and a member of the Downtown Urban Renewal Advisory Committee. The committee would evaluate the applications based upon the guidelines and serve as a sounding board to ensure that all loans meet a public purpose and are likely to be repaid.

*Type of Review: Loan Review Committee*

*Action: Collect and evaluate data. Provide summary to CDAC.*

### LEVEL THREE: COMMUNITY DEVELOPMENT ADVISORY COMMITTEE (CDAC) REVIEW

Does the project meet one or more priorities for funding established by the Community Development Advisory Committee?

CDAC holds a public hearing annually to receive community input on the funding priorities established as a means to evaluate proposals. Subject to change annually, but for funding year 2008-09, the priorities (with equal standing), were as follows:

- (A) Projects where participation from cooperating community partners in targeted areas has been demonstrated;
- (B) Projects that leverage and/or recycle funds (staff will work with applicant to determine agency or project's ability to accommodate loan payments);
- (C) Coordinated projects (i.e., housing, streets, parks, etc.) in close proximity to demonstrate support from the affected neighborhoods;
- (D) Projects that address youth and public safety issues;
- (E) Projects that support the City's housing goals, which are (1) increasing homeownership, (2) maintaining existing housing stock through rehabilitation, and (3) creating new rental housing;
- (F) Projects that focus on revitalization efforts in targeted neighborhoods; and
- (G) Projects that enhance community pride and improve quality of life citywide.

**Projects that meet one or more of the above preferences and are nearing completion may be given a higher priority for funding by CDAC, at the Committee's discretion.**

*Type of Review: CDAC/Staff*

*Action: Determine if the proposal meets established priorities*

### LEVEL FOUR: CDAC REVIEW FOR DOWNTOWN PROPOSALS

Does the proposal address a goal/need identified in the Downtown Urban Renewal Plan?

1. **Create a Pedestrian and Transit Friendly Downtown.** Develop a setting that is conducive to walking, bicycling and transit while providing accessibility to regional automobile and freight networks. Provide safe and walk able streets.

2. **Preserve the Past.** Enhance the downtown's future character by preserving the best of its past. Promote appropriate in-fill construction and historic preservation of the existing buildings.
3. **Reconnect to Key Natural Resource Features.** Connect the downtown with the Millrace and Island Park, and provide opportunities for appropriate downtown uses adjacent to these areas.
4. **Alive After Five.** Encourage evening activity in the downtown with dining, cultural and entertainment opportunities for all ages. Increase housing development in the downtown to generate the 18 to 24-hour city.
5. **Revitalize the Downtown with New Uses.** Create new opportunities for office, commercial, residential, civic, and mixed uses. Encourage high-density uses that are transit-oriented and located within a short walk from Springfield Station.
6. **Ensure Adequate Parking.** Provide parking that supports a vital downtown.
7. **Create Civic Gathering Places.** Create great public spaces, both large and small.
8. **Consider creation of a town square.**
9. **Identify Catalyst Projects.** Identify projects that will spur growth in the downtown, including improvements that can be successfully accomplished in the short term. *Reconnecting downtown to the Willamette River is an important goal for downtown redevelopment.*
10. **Create Downtown Partnerships.** Collaborate with Lane Transit District, the Springfield Renaissance Development Corporation, and other groups to coordinate efforts and build community support.
11. **Establish a Positive Identity for the Downtown.** Work with downtown business interests and the Springfield community to foster a positive identity and sense of pride for the downtown.
12. **Develop the Downtown as the Gateway to Springfield.** Work to achieve a visual impression in the Downtown that reflects well on the rest of the City.

Type of Review: CDAC/Staff

Action: Determine if the proposal meets one or more identified community goals or needs.