

# Central City



## Central City Growth Organization

### ***REVOLVING LOAN FUND APPLICATION PACKAGE***

Committed to providing a source of financing  
that enables businesses to thrive and grow.

Central City Growth Organization  
137 4<sup>th</sup> St N, PO Box 338  
Central City, IA 52214  
Ph. (319) 387-7980  
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# Revolving Loan Fund Application Package

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\*These items, plus the additional required information listed in the Application Checklist, constitute the complete application. Please deliver your completed application, with cover letter and application fee, to:

### CENTRAL CITY GROWTH ORGANIZATION Revolving Loan Fund Program

c/o Heartland Bank & Trust  
59 N 4<sup>th</sup> Street  
PO Box 502  
Central City, IA 52214  
(319) 438-6621

or

c/o Ohnward Bank & Trust  
401 E Main Street  
PO Box 489  
Central City, IA 52214  
(319) 438-6001

## Thank You!



*Nurture community, empower businesses and safeguard the rich heritage of Central City, Iowa.*

## INTRODUCTION

Dear Applicant:

Thank for your interest in locating or growing your business in Central City! We're very proud of our town, and committed to helping businesses in the Central City area grow and prosper.

We're pleased that you've chosen to seek financial assistance through the Central City Growth Organization Revolving Loan Fund (RLF). Working together with you and your bank, we hope to enable you to accomplish the goals you've set for your business.

This application packet asks a series of questions aimed at determining the following:

- Your business activity, products and services
- Your business/ viability and potential for growth
- Your commitment to maintaining the presence of your business in Central City
- The level of financial commitment you will invest to accompany the RLF
- The RLF's ability to meet your financial gap
- The level of risk the RLF takes on by assisting your company
- How well your business fits into the overall economic development plans and needs of Central City

We require a number of documents to provide and verify the information you're giving us. We encourage you to use the provided [Application Checklist](#) to ensure that you have supplied everything we need to adequately assess and approve your request.

We further encourage you to review the [Loan Evaluation Criteria](#) at the end of this application package, which lists in detail the criteria by which your application will be reviewed.

Again, we thank you for your interest in Central City, where we take pride in our business-friendly environment!

If you have any questions, please don't hesitate to call or email the Central City Growth Organization office at 319-387-7980, or [centralcitygo@gmail.com](mailto:centralcitygo@gmail.com).

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## GUIDELINES AND PURPOSE

The Central City Growth Organization (Central City GO) Revolving Loan Fund (RLF) is established to provide a source of financing – which may not otherwise be available within the city – for start-up or expanding businesses. Used to fill a "financing gap" in a business development project, the RLF offers a low-interest option for obtaining the funds needed to complete a financing package. This "gap" occurs when the business lacks the funds to meet the equity requirements of bank financing or requires a lower interest rate. Further, the RLF seeks to:

- Retain and attract businesses that provide permanent jobs
- Maximize investment within the Central City area
- Redevelop vacant and/or blighted land and buildings
- Promote sales- and tax-generating projects
- Provide financial assistance to eligible businesses

The RLF adds another tool to the "tool box" of the city's economic development efforts. The incentives provided to businesses through this RLF are fixed rate, low interest, and/or long-term financing options.



The RLF is not intended to be the primary source of financing for a project – its use creates a combination of public and private financing that lessens the risk for the primary lender, and yields an overall lower cost of financing for the borrower.

It is the intent of the RLF to view both existing and start-up businesses as equal under the evaluation criteria. Preference will be given to healthy businesses that show an excellent potential for growth, result in retained or new jobs and/or create diverse sources of economic activity within the Central City area.

For an existing business, the primary criteria to be considered are the following:

- Dedicated and experienced management
- Past performance
- Current economic viability of the business
- High potential for profitability
- High potential for growth
- Sufficient collateral and cash flow to secure and service the loan
- Inability to obtain conventional financing at rates and/or terms that make the proposed project viable

In the case of an entrepreneurial start-up business, the following will also be considered:

- Market strengths – such as providing a new service or new product development or distribution – as demonstrated by local market and/or feasibility studies
- Complementary business development that serves an existing business entity in the Central City area
- Consistency with the goals of any existing City and/or Community Comprehensive Plan or overall Economic Development Plan with regard to types of business and industry

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## PROCESS

### Administration

Most RLF applications begin with an applicant seeking a loan through a local Central City banker, who then recommends the RLF program. For a new business, or an applicant that currently banks outside of Central City, either of our local banks may serve as the starting point to receive application guidelines and criteria. *(Contact information for our local banks is on the second page of this application package. RLF applicants from outside Central City are encouraged to bank locally.)*

Once the application is received by either Heartland Bank & Trust or Ohnward Bank & Trust, it will be reviewed by that financial institution, and upon their recommendation, will be referred to the RLF Committee for their motion to approve.

- The RLF Committee consists of representatives from both Heartland Bank & Trust and Ohnward Bank & Trust, the City of Central City, a representative from the local business community, and a representative from the local school district. The Administrator of the City of Central City will serve as a non-voting member and act in the role of Economic Development Coordinator to the committee.

The RLF committee reviews and recommends approval or denial of the application, which then moves on to the Central City GO Board of Directors, who is the final authority for granting the loan.

- The funds available through the RLF are made possible through an allocation of City of Central City funds (and other fund sources as available), and are therefore bound by any restrictions dictated by the City of Central City.

## Application

All applicants for the RLF are charged a (non-refundable) \$200 processing fee, payable at the time of submittal, in order to cover the administration of the application and review process. This fee is in addition to any fees that may be charged by your financial partner – applicants are urged to complete the RLF application in conjunction with their local banker.

Application packages are available through:

- Heartland Bank & Trust
- Ohnward Bank & Trust
- Central City Growth Organization office and/or website ([centralcitygo.org](http://centralcitygo.org))
- City of Central City office

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## GUIDELINES

### Eligibility

- Existing businesses within the city, businesses wishing to relocate to Central City, or individuals looking to start a new business, who either already are, or will commit to being, financial supporters of Central City GO.
- Expansions and new businesses which will result in retention or creation of jobs and/or creation of new sources of economic activity within the city.<sup>1</sup>
- Municipalities or not-for-profit agencies/corporations may be considered on a case-by-case basis for special projects that will result directly or indirectly in job retention/creation or increased economic activity.<sup>2</sup> In the event that awarded funds are needed to support a new business development, loans to these entities may be called for immediate repayment.

Approved uses of Revolving Loan Fund (include but are not limited to):

- Land and building acquisitions
- Site preparation and land development costs
- Building construction
- Building renovation
- Tenant improvements
- Machinery and equipment
- Inventory and working capital

Job creation or retention ratio goals:

- Job creation
  - One full-time permanent job created for each \$10,000.00 loaned.
- Job retention
  - One full-time permanent job retained for each \$10,000.00 loaned.

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<sup>1</sup> New sources of economic activity are those that provide increases in sales or other revenues (i.e., expanded internet access, warehousing or logistics) and may add jobs indirectly.

<sup>2</sup> “not-for-profit” may include, but is not limited to, churches, human service agencies or development corporations.

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## LOAN PRODUCTS

Loans originate at and are serviced by local banks.

### Loan limits

Loans generally shall not be made for less than \$2,000.00 and are preferred not to exceed 25% of the total amount of the financing package, up to \$25,000.00.

### Conditions

- Rate: 2 points below Prime Rate, adjusted as Prime Rate changes. Interest rate floor of 4.50% variable.
- Terms: Not to exceed 10 years, depending on the use of funds and security provided. To be determined with every loan agreement. Loan terms are typically one to seven years for working capital; two to ten years for machinery and equipment; and five to ten years for land and buildings. The RLF committee retains the right to adjust individual loan terms in order to facilitate a successful RLF project.
- Personal Guaranty: Required.
- Collateral: To be determined with every loan agreement.
- Deferrals: Deferral of payments may be provided for up to one year, if required to make the project feasible.
- Equity: 10% of total project costs. Equity can be land, cash, equipment or a combination thereof.
- Fees: Any bank fees for services, including application fees, processing and administrative fees will be paid by the applicant. May be included in the loan.
- Default and delinquency terms are defined in the security documents of the originating bank.

### Additional Business Requirements

- Must not sell or move within a period of 5 years without prior committee approval.
- Must show adequate financial ability to repay the debt.
- Must maintain hazard insurance on collateral.
- Must carry lines and coverage of insurance appropriate to the business and corporate organization.

## \*APPLICATION:

Name of Applicant: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

Phone Number: Work/Home \_\_\_\_\_ Cell: \_\_\_\_\_

Email Address: \_\_\_\_\_

Name of Business: \_\_\_\_\_

Business Address: \_\_\_\_\_

Federal ID#: \_\_\_\_\_

### PLEASE READ CAREFULLY BEFORE SIGNING:

- I hereby give permission to Heartland Bank & Trust or Ohnward Bank & Trust and the Revolving Loan Fund Committee 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 proposed project and RLF application.
- I hereby certify that all representations, warranties or statements made or furnished in connection with this application are true and correct in all material respects.
- I understand that it is a criminal violation under Iowa law to engage in deception and knowingly make, or cause to be made, directly or indirectly, a false statement in writing for the purpose of procuring economic development assistance from a state agency or political subdivision.

*NOTE: Central City GO will not provide financial assistance in situations where it is determined that any representation, warranty or statement made in connection with this application is incorrect, false, misleading, or erroneous in any material respect. If financial assistance has already been provided by Central City GO prior to discovery of the incorrect, false, or misleading representation, Central City GO may initiate legal action to recover such provided RLF monies.*

Printed Name: \_\_\_\_\_ Date: \_\_\_\_\_

Signature: \_\_\_\_\_ Title: \_\_\_\_\_

*For financial institution use only:*

Date Received: \_\_\_\_\_

By Printed Name: \_\_\_\_\_ Title: \_\_\_\_\_

## \*BUSINESS INFORMATION

Please feel free to attach additional pages and/or documentation as necessary. Please complete these items as thoroughly as possible, and note any sections that are not applicable rather than leaving them blank.

1. DESCRIPTION AND HISTORY OF THE BUSINESS:

(Provide a narrative history of the company, e.g. type of business structure, product(s) and/or service(s).

2. DESCRIBE THE PROPOSED PROJECT FOR WHICH THE LOAN IS BEING SOUGHT:

(e.g., company relocation, plant expansion, remodeling, new product line, refinancing). If a detailed description is attached, please summarize here.

3. WHAT PERCENTAGE OF THE COMPANY'S SALES WILL BE OUTSIDE OF CENTRAL CITY? \_\_\_\_\_

4. WHAT PERCENTAGE OF THE COMPANY'S TOTAL OPERATING EXPENDITURES (including wages and salaries) WILL BE SPENT WITHIN CENTRAL CITY? \_\_\_\_\_

5. WHAT IS YOUR ANTICIPATED START-UP DATE? \_\_\_\_\_

6. WHAT IS YOUR ANTICIPATED PROJECT COMPLETION DATE? \_\_\_\_\_  
(Note: Funds are normally not available until approximately two months after the City's approval date.)

7. HAS ANY PART OF THE PROJECT BEEN STARTED? Yes / No  
(If yes, please describe)

8. HOW MANY EMPLOYEES ARE CURRENTLY EMPLOYED BY THE COMPANY? \_\_\_\_\_



9. IF REVOLVING LOAN FUNDS ARE AWARDED, HOW MANY NEW EMPLOYEES WILL THE COMPANY ADD TO THE PAYROLL?

Full Time: 12 months		Full Time: 24 months cumulative		Full Time: 60 months cumulative	
Part Time: 12 months		Part Time: 24 months cumulative		Part Time: 60 months cumulative	

10. WHAT IS THE ESTIMATED ANNUAL PAYROLL FOR THE NEW EMPLOYEES RESULTING FROM THIS PROJECT?

Year 1: \_\_\_\_\_ Year 2: \_\_\_\_\_ Year 3: \_\_\_\_\_

11. WHAT IS THE AVERAGE WAGE RATE PROJECTED TO BE FOR THE NEW EMPLOYEES? \_\_\_\_\_  
(not including fringe benefits)

12. WILL ANY OF YOUR CURRENT EMPLOYEES LOSE THEIR JOBS IF THE PROJECT DOES NOT PROCEED? Yes / No  
(If yes, please describe)

13. WHAT OTHER LOCAL COMPANIES COULD BE CONSIDERED YOUR COMPETITORS?

14. HOW WILL THIS PROJECT BENEFIT CENTRAL CITY AND THE COMMUNITY?  
(i.e., new jobs, payroll, economic diversification, capital investment, real estate tax, sales tax, utility tax)

15. WHAT FORM OF INVESTMENT WILL THE BUSINESS CONTRIBUTE TO THE PROJECT? PLEASE EXPLAIN CLEARLY, AND GIVE CASH VALUES OR PERCENTAGE OF THE PROJECT BUDGET:  
(i.e., direct cash investment, existing equity, new equipment)

16. IDENTIFY ALL AGENCIES OR INSTITUTIONS INVOLVED IN THE PROJECT AND WHAT THEIR INVOLVEMENT IS:

17. EXPLAIN WHY ASSISTANCE IS NEEDED FROM THE REVOLVING LOAN FUND, AND WHY IT CANNOT BE OBTAINED ELSEWHERE:

(i.e., financing gap, rate of return, location, lower rate)

18. EXPLAIN ANY REQUESTS FOR SPECIFIC TYPES OF ASSISTANCE (forgivable loan vs. loan, etc.) IF A TRADITIONAL MARKET RATE LOAN IS NOT SUFFICIENT, EXPLAIN WHY:

19. WHAT TYPE OF SECURITY AND IN WHAT AMOUNT WILL THE BUSINESS PROVIDE?

(If no security or collateral is offered, an explanation must be given)

20. GENERALLY, THE REVOLVING LOAN COMMITTEE CAN BE EXPECTED TO MAKE A DECISION ON THIS APPLICATION WITHIN 30 DAYS OF RECEIPT OF THE APPLICATION; IS THERE AN URGENT NEED FOR A MORE IMMEDIATE (1 to 2 weeks) DECISION? Yes / No

21. IS THE COMPANY WILLING TO GIVE HIRING PREFERENCE TO CENTRAL CITY RESIDENTS? Yes / No

22. IS THE COMPANY WILLING TO GIVE HIRING PREFERENCE TO FORMER EMPLOYEES OF ANY LINN COUNTY BUSINESS MERGED OR ACQUIRED BY THE COMPANY WITHIN THE LAST THREE YEARS? Yes / No

23. HAS THE BUSINESS BEEN CITED FOR OR CONVICTED OF VIOLATIONS OF ANY FEDERAL OR STATE LAWS OR REGULATIONS (including violations of environmental or safety regulations) WITHIN THE LAST FIVE YEARS? Yes / No

24. WILL YOUR BUSINESS BE PERMANENTLY RESIDING ON OR USING PROPERTY ON WHICH ANY OF THE FOLLOWING MAY BE LOCATED:

Yes / No: Underground tanks (whether or not in current use) for the storage of petroleum products

Yes / No: Agricultural or other chemicals

Yes / No: Waste oil or other liquid waste

Yes / No: Other flammable, corrosive, reactive or explosive liquid or gas

25. WILL YOUR BUSINESS BE STORING ANY OF THE MATERIALS LISTED IN QUESTION 24, IN TANKS OR OTHER UNITS, ABOVE GROUND OR AROUND YOUR BUSINESS PREMISES FOR ANY LENGTH OF TIME? Yes / No  
(If yes, please explain)

26. WILL YOUR BUSINESS BE TREATING, TRANSPORTING, OR DISPOSING OF ANY LIQUID, GAS OR SOLIDS (including those items referenced in question 24 above), EITHER ON OR ABOUT YOUR BUSINESS PREMISES, AT A LAND WATERWAY BODY OF WATER, OR IN ANY AIRCRAFT? Yes / No  
(If yes, please explain)

27. WILL YOUR BUSINESS BE GENERATING SOLID OR HAZARDOUS WASTE? Yes / No  
(If yes, the business is required to submit an Audit and Management Plan to reduce the amount of waste and to safely dispose of the waste. For the purpose of meeting this requirement, completed audits may be submitted by either the Waste Management Authority of the Iowa Department of Natural Resources (DNR) or Iowa Waste Management in lieu of the business providing in-house audits. Central City GO will not provide financial assistance until a completed audit is submitted.)

28. WILL ANY PART OF THE PROJECT TAKE PLACE IN A 100-YEAR FLOOD PLAIN? Yes / No

## \*APPLICATION CHECKLIST

The following attachments are required for a complete application. Please use this list to ensure that all items required are submitted. If any item is not submitted, please attach explanation.

- List of employment positions/classifications and hourly rates for each current job
- Description of standard fringe benefits provided to the employees
- Copy of the most recent monthly payroll register
- Business plan (if new business)
- Marketing plan (if new business)
- Letter of commitment of funds (from banks, applicant, etc.)
- Profit & Loss Statements (3-year historical and 2-year projections)
- Balance sheets (3-year historical and 2-year projections, including aging accounts receivable schedule, aging accounts payable schedule and a schedule of other debt)
- Certification of good standing from the Iowa Secretary of State or an authorization to conduct business in Iowa.
- Certificate of incumbency listing the current board of directors and current officers if a corporation, or a listing of the general partners if a partnership.
- Corporate signatory authorization naming an officer to execute loan documents, if approved.
- Cost Estimates of construction, machinery and/or equipment (if construction or equipment upgrades are required)
- Federal Identification Number
- Map indicating location of the project

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## LOAN EVALUATION CRITERIA

Projects are evaluated on the following criteria and compared to other applications that are received. Your application must score 20 or more points to be considered eligible for a loan.

Total Points Available = 70

Loan to Value of Collateral:

<50% Loan to Value	10 points
<65% Loan to Value	8 points
<80% Loan to Value	4 points
<90% Loan to Value	2 points
90+% Loan to Value	0 points

Points \_\_\_\_

Repayment Capacity/Debt Service Coverage Ratio (margin of revenue over expenses and debt payments):

>1.75	10 points
>1.50	8 points
>1.25	4 points
>1.10	2 points
>/=1.00	0 points

Points \_\_\_\_

Management Experience in Area of Interest:

Extensive Experience (10+ years)	10 points
Experienced (5-9 years)	8 points
Knowledgeable (2-4 years)	4 points
Familiar (1-less than 2 years)	2 points
Novice (less than 1 year)	0 points

Points \_\_\_\_\_

Credit History (Months of no late payments):

24 months or more	10 points
18-23 months	8 points
12-17 months	4 points
6-11 months	2 points
<6 months	0 points

Points \_\_\_\_\_

Employment Opportunities:

How many new, permanent jobs will be created and/or how many existing jobs will be retained?

3 or more	10 points
1-2 more	8 points
1/2 -1 more	4 points
1/4-1/2 more	2 points
0	0 points

Points \_\_\_\_\_

Comprehensive nature of business plan. (Does it address business goals and objectives, an analysis of the market, a comprehensive analysis of the business prospects for success, a complete set of financial data and projections, and a full analysis of management capabilities?)

Very comprehensive	10 points
Fairly complete	8 points
Adequate	4 points
Fair	2 points
Poor	0 points

Points \_\_\_\_\_

How much money will be invested in the business compared to the loan amount requested?

6 times the loan amount	10 points
5 times the loan amount	8 points
4 times the loan amount	4 points
3 times the loan amount	2 points
<= 2 times the loan amount	0 points

Points \_\_\_\_\_

## SOURCES AND USES

USE OF FUNDS							
	Total Cost	Source A (RLF)	Source B	Source C	Source D	Source E	Source F
Land Acquisition							
Site Preparation							
Building Acquisition							
Building Remodeling							
Machinery & Equipment							
Furniture & Fixtures							
Working Capital							
Other:							
Other:							
<b>TOTAL:</b>							

TERMS OF PROPOSED FINANCING				
Source of Funds	Amount	Type	Rate	Term (Months)
Source A: Revolving Loan Fund				
Source B:				
Source C:				
Source D:				
Source E:				
Source F:				
<b>TOTAL:</b>				