

**SHREVEPORT INNER CITY ECONOMIC DEVELOPMENT INITIATIVE
(SICEDI)
GENERAL APPLICATION AND UNDERWRITING GUIDELINES**

The following items are intended to provide prospective borrowers some guidance as to what information will be required upon SICEDI loan program application submission, and to convey general credit structure parameters. None of the following guidelines should be construed as the sole criteria in determining eligibility in obtaining loan approval.

I Selection of Lender

The applicant must select a local financial institution to which their loan application will first be submitted for consideration. If the borrower is turned down by the financial institution, the City of Shreveport will act as the lender of last resort through the SICEDI loan program. A turn down letter from the financial institution is required to begin the SICEDI loan application process.

II Documentation Required

- A Business Plan to include, but is not limited to:
 - Resumes of owners/key management.
 - Explanation of product/service to be offered.
 - Feasibility/marketability of product/service
 - Location and adequacy of physical facility.
 - Description and evaluation of market.
 - Discussion of competition, suppliers, and current/potential customers.
- Financial/Cashflow projections for at least three years.
- Last three years of tax returns on business, if existing company.
- Last three years of tax returns on individuals who are majority owners.
- Year-to-date company or accountant prepared interim financial statement with prior year's comparable numbers, if existing company.
- Financial statements older than 90 days prior to application date will be considered stale.
- Schedule of existing personal and company debt with payment details.
- If the requested transaction involves the purchase of real estate, a copy of the purchase agreement is required.
- Current, signed personal financial statement on each owner, prepared on approved personal financial statement form or by a CPA.
- If a business entity (corporation, LLC, etc.), organizational documents and the evidence of authority to borrow will be required.
- Any other documentation deemed necessary to adequately underwrite the requested loan, such as;

- purchase of used equipment/machinery- a third party appraisal detailing values.
- purchase of real estate - a current appraisal by a certified appraiser
 - a current survey of the property to be acquired.
 - a current environmental site assessment report.

III **Approval Process**

- . Each financial institution will process the loan application within its normal route(s) of underwriting and approval.
- . Borrower will be notified of loan approval or decline as per the lender’s policy and legal requirements.
- . Loans from the participating financial institutions (all or in part) may be approved with or without the guaranty requirement from the SBA of the Louisiana Economic Development Corp. (LEDC).
- . Loans not approved by the participating financial institutions will be forwarded to the City, as the lender of last resort, to be reviewed for possible funding.

GENERAL UNDERWRITING GUIDELINES

A. **Types of Loans**

Working Capital Loan Program (“Permanent” Working Capital Loans)

- . Per SICEDI, the maximum amount allowed for a Permanent Working Capital Loan is \$50,000*.

Capital Improvement Loan Program (Term Loans for asset purchases)

- . Per the SICEDI, the maximum amount allowed for capital improvement loans is \$250,000*.

* Participating financial institutions are not limited as to the amount of credit provided to the prospective borrower. Clients will be reviewed on a case by case basis. Interest rate buy-down restrictions do apply.

B. **Use of Approved Loans**

1. Permanent Working Capital loans will be considered for short-term capital needs, typically to fund accounts receivable and inventory, with repayment generated from the normal operating cycle of the business. Terms of repayment are normally 2 to 3 years.
2. Capital Improvement loans will typically be used to purchase machinery, equipment, furniture, fixtures, company vehicles, land, buildings and other fixed improvements. These loans also allow for the construction and rehabilitation of new and existing real property. Terms will be matched to the useful life of the asset being purchased.

C. Equity and Collateral

1. Permanent Working Capital loans will be secured by collateral acceptable to the participating lender.
2. Collateral for Capital Improvement loans will typically be the property financed but may include additional collateral requirements. Equity requirements for the borrower will generally be a minimum of 10% for existing businesses, and 20% for start-up businesses, but could be higher depending on the individual borrower's situation, business risk, type of business and terms.
3. The pledge and/or assignment of other assets, tangible or intangible, of the company, owners, or related parties may also be required.

D. Guarantees

1. All loans require the continuing and unconditional guarantee of all owners of the borrowing entity. Individual and/or Corporate guarantees may be required. Other available guarantees (ex. SBA or LEDC) may be required.

E. Repayment Terms / Amortization

1. The Permanent Working Capital Loans will generally not exceed 3 years and generally require monthly payments of principal and interest. The different products available at each lender will determine the exact term.
2. Capital Improvement Loans will have varying maturities which may or may not match the amortization period (ex. 5 year term with 10 year amortization). Maturities could range from one to 15 years with amortizations from one to 20 years. These are general guidelines. Maturities and amortizations will be set depending upon each financial institution's products, policies and programs. Repayment on term loans will normally be based on straight monthly payments of principal and interest and may include "balloon" payments at maturity.

F. Interest Rates / Fees

1. Bank interest rates will be established at the time the loan is approved. The City will buy down the participating financial institutions interest rate by 2% so that the rate will be considerably below the current market rate. The maximum loan amount eligible for interest rate buydown is \$250,000 for capital improvement loans and \$50,000 for permanent working capital loans. Rates on loans approved by the City will be established at the time the loan is approved and will be considerably below the market rate.

2. Interest rates and fees will be determined based on product terms, risks and return hurdles established by the individual participating financial institutions. Rates may be offered as floating and/or fixed and fees may be based on a percentage of the loan amount or in dollar amount. Floating rates will not be offered by the City in the event the loan approval is through the City.

G. Documentation / Legal / Appraisals / Environmental / Etc.

1. The participating lenders will follow their normal policies, guidelines, and legal requirements with respect to documentation, appraisals, environmental due diligence, and any other items deemed necessary to adequately book and document approved loans.

H. Ineligible Businesses / Purposes

Ineligible Businesses

- Loans for illegal business activities or where the integrity and honesty of the principals are questionable.
- Various gaming enterprises.
- Speculative business or purposes.
- Pyramid sales activity.
- Owners who are incarcerated or on probation or parole.
- Religious activities.
- Financing of political campaigns.
- Investment companies or loan companies.

Ineligible Purposes

- Debt consolidation.
- Refinancing of real estate without improvement.
- Refinancing of existing asset financing.
- Personal financing (home/auto/boats/ etc.)
- Airplanes.
- Landlord deals (i.e., rental houses, apartments).
- Purchase of livestock.
- Highly mobile inventory such as vehicles, tools, clothing, or other small items.

**City of Shreveport
 Department of Community Development
 Bureau of Housing & Business Development
 Business Development Unit**

BUSINESS LOAN APPLICATION

GENERAL INFORMATION					
Legal name of company/borrower		Business phone number		Social Security Number	
Business street address, city, state, zip code				Parish	
Contact name & title		Phone number		E-mail address	
Home street address, city, state, zip code			State tax I.D. number	Federal tax I.D. number	
Year business established	Current ownership since	Number of locations		Number of employees F.T. _____ P.T. _____	
<input type="checkbox"/> Rent Monthly		Nature of business: <input type="checkbox"/> Manufacturer <input type="checkbox"/> Retailer Wholesaler/distributor			
<input type="checkbox"/> Own Payment \$		<input type="checkbox"/> Service company <input type="checkbox"/> Contractor <input type="checkbox"/> Other (Specify):			
Bank of primary operating account		Average ledger balance	Primary products/service		
		\$			
Bank of primary operating account		Average ledger balance	Primary products/service		
		\$			
LOAN REQUEST INFORMATION					
Loan Type		Amount Requested	Purpose		Collateral
<input type="checkbox"/> Small Business		\$			
<input type="checkbox"/> E D I		\$			
OTHER OPEN BUSINESS LOAN INFORMATION / SUPPLIER					
Name of Lender	Loan Type	Open Date	Maturity Date	Monthly Payment	Loan Balance
				\$	\$
				\$	\$
				\$	\$
				\$	\$
				\$	\$
ADDITIONAL INFORMATION					
Name of company insurance agency:			Contact name:		Phone number:
Are any tax payments (sales, income, payroll, property, etc.) delinquent?					<input type="checkbox"/> Yes <input type="checkbox"/> No
Has the company or any of its principals ever been involved in any bankruptcy proceedings?					<input type="checkbox"/> Yes <input type="checkbox"/> No
Is the company or any of its principals a part y to any pending lawsuit?					<input type="checkbox"/> Yes <input type="checkbox"/> No
Is the company or any of its principals liable for any outstanding judgment?					<input type="checkbox"/> Yes <input type="checkbox"/> No
Is the company liable on any debts not shown, including any contingent liabilities such as lease, endorsement, etc					<input type="checkbox"/> Yes <input type="checkbox"/> No
Are any company assets pledged as collateral? If Yes, please explain .					<input type="checkbox"/> Yes <input type="checkbox"/> No

REQUIRED BORROWER SIGNATURE

I hereby certify that the information provided in connection with this application is true and correct as of the date of this application and I acknowledge that the City is relying on the accuracy of this information in making your decision with its decision with regard to this application for business credit. The City is authorized to make all inquiries it deems necessary in connection with this credit application. In connection therewith, any person, credit reporting agency, state or Federal government agencies is authorized to provide the City such information as the City may request. The City is authorized to furnish credit information to persons who lawfully may receive and use such information. The City may disclose non-public information provided by me to certain of its subsidiaries or affiliates, or others, for the purpose of offering me their products or services, and I understand that if I do not wish this information to be disclosed I must write to the Department of Community Development, Bureau of Housing & Business Development, Business Unit, P.O. Box 31109, Shreveport, LA 71130,

Print Name of Borrower:

Signature of Authorized Officer, Owner, or Partner:

Title: _____

Date: _____

REQUIRED INFORMATION

- Application completed in full.
- Application dated and signed by all Owners/Guarantors, Joint Owners of Assets, and Authorized Officer of the Company
- Business federal tax returns, signed and dated, and all supporting schedules for the last three years
- For all Owners/Guarantors, personal federal income tax returns, signed and dated, and all supporting schedules for the last three years.
- Copy of invoice or contract to purchase, if loan is for equipment or vehicles.
- Business plan
- Profit & Loss Statements, for the last three years, if applicable
- Balance Sheet , for the last three years, if applicable
- Financial Statement, most recent (must be within the last 6-months)
- Accounts Payable & Accounts Receivable, most current listing.
- List of all Collateral and value, appraisal value, etc.
- Estimates, Invoices, Bids, etc., must be complete and have an accurate description
- Copy of Deed or current Lease Agreement.
- Articles of Incorporation, if applicable.
- Corporate Resolution, if applicable
- Copies of all Business Licenses.
- Copy of Bank turn down letter, if applicable.
- Current copy of Credit Report
- Copy of document that verifies Tax Identification Number
- Job Creation Document. (Borrower will provide this document initially, then on a quarterly basis.)
- Environmental Clearance, if applicable
- When another source of financing is required a commitment letter from the lending institution must be submitted.
- Davis-Bacon Certification Statement, if applicable.
- Public Information Disclosure

INFORMATION ABOUT THE OWNERS / GUARANTORS

OWNER/GUARANTOR 1

Name		Title		Ownership %	
Street address, city, state, zip code					
Social security number	Date of Birth	Phone number	Years at Present address	<input type="checkbox"/> Rent Monthly <input type="checkbox"/> Own Payment \$ _____	
Assets	Total (round to \$1,000)	Joint Y/N	Liabilities	Total Owed (round to \$1,000)	Joint Y/N
Cash & Equivalents	\$		Revolving Credit Balance	\$	
Marketable Securities	\$		Installment Loans Balance	\$	
Residence Market Value	\$		Primary Residence Mortgage Balance	\$	
Other Assets (specify)	\$		Other Mortgages/ Equity Lines	\$	

OWNER/GUARANTOR 2

Name		Title		Ownership %	
Street address, city, state, zip code					
Social security number	Date of Birth	Phone number	Years at Present address	<input type="checkbox"/> Rent Monthly <input type="checkbox"/> Own Payment \$ _____	
Assets	Total (round to \$1,000)	Joint Y/N	Liabilities	Total Owed (round to \$1,000)	Joint Y/N
Cash & Equivalents	\$		Revolving Credit Balance	\$	
Marketable Securities	\$		Installment Loans Balance	\$	
Residence Market Value	\$		Primary Residence Mortgage Balance	\$	
Other Assets (specify)	\$		Other Mortgages/ Equity Lines	\$	

Signature of Authorized Officer, Owner, or Partner: _____

Title: _____

Date: _____

PUBLIC INFORMATION DISCLOSURE:

The undersigned understands and agrees that some information in connection with this application for a Community Development Block Grant (CDBG) loan involves the use of public funds and as such may be made public pursuant to the statutes of the United States of America and Louisiana.

Firm Representative Signature: _____ **Date:** _____

Firm Representative Signature: _____ **Date:** _____