

Woodstock Revolving Loan Fund (WRLF)

The Woodstock Revolving Loan Fund (RLF) was established by the City as an economic incentive for businesses seeking to expand or relocate in Woodstock. The fund allows the City to offer low interest loans that businesses can use for land acquisition, purchase and renovation of existing buildings, acquisition of equipment, machinery, furniture and fixtures, and working capital. Principal and interest payments on old loans are used to replenish the fund and issue new loans so the fund is essentially self-sustaining.

The intent of the RLF is to encourage the expansion and development of viable business activity in the City of Woodstock. The RLF is targeted to those businesses and industries that cannot obtain economically-feasible financing because of conventional interest rates and lending/ exposure limits applied by local lending institutions. The RLF can provide the funds that make the project viable by filling the financing gap created by these conditions. Other financial commitments must be in place at the time of application and no loan shall be made from the program where there is reasonable doubt as to the ability of the borrower to repay the loan.

In order to begin offering these loans to eligible businesses, Staff has developed the guidelines and procedures for the program. The City's guidelines are based on a review of successful programs offered by other governmental entities in Illinois.

- **Maximum Loan Amount.** Loan amounts are based on the number of new, full-time jobs created or retained by the business, \$10,000 per full-time equivalent job, up to a maximum of \$150,000. Tying the loan amount to job creation/retention is common practice in revolving loan fund programs. Since the amount budgeted for the fund is \$300,000, implementing a maximum is appropriate so that assistance can be provided to more than one business. A further limitation is that the loan cannot fund more than 50% of the total project cost. This limitation ensures that the business, not the City is the primary source of capital for new projects.
- **Interest Rate.** Initially, loans are offered with an interest rate of 2%. Market conditions will continually be monitored and as they change, Staff will recommend adjustments that would be brought to the City Council for approval.
- **Use of Loan Funds.** Loan funds are limited to land acquisition, purchase and renovation of existing buildings, acquisition of equipment, machinery, furniture and fixtures, and working capital for new business start-ups.
- **Repayment Terms.** The maximum term for a loan is seven (7) years. There is no penalty for pre-payment of a loan.
- **Application Process.** Every application (draft attached) will undergo the following review process:

WOODSTOCK REVOLVING LOAN FUND (WRLF) APPLICATION

1. Applications are submitted to the Economic Development Department and reviewed for completeness. Incomplete applications are returned to applicants and no application will be processed until all required information is provided.
2. The Economic Development Department will contact applicant's financing source(s) to confirm existing financing approvals and verify creditworthiness. In instances where an applicant is unable to obtain traditional financing, Staff will consult with a local lending institution to determine an applicant's creditworthiness and ability to repay the loan.
3. Completed applications and Staff's findings are forwarded to the Revolving Loan Fund Committee. This committee is made up of the Economic Development Commission and members of Staff (i.e., City Manager, Finance Director). The committee will review the loan application and associated materials and make a recommendation to the City Council.
4. The City Council will make the final decision regarding each WRLF application at a regularly-scheduled City Council meeting.

- **Loan Administration.** Upon City Council approval, loan documents are executed and funds released. The Finance Department administers the loan and collects payments.

For more information or to submit an application contact **Krista Coltrin** at (815) 338-3176 or email kcoltrin@woodstockil.gov.

WOODSTOCK REVOLVING LOAN FUND (WRLF) APPLICATION

LOAN APPLICATION PACKAGE

The WRLF loan application package must include all of the following items:

- Completed loan application (attached).
- Personal resume(s) of principals and managers.
- Current signed personal financial statements of principals.
- Two (2) years tax returns for principals of business.
- Three (3) years of operating results consisting of balance sheets and profit/loss statements or tax returns (*if established company*).
- Twelve (12) month cash flow statement (*if start-up company*).
- Narrative of business history and expected results or business plan (if start-up company).
- Cost estimates, bids, or other documentation substantiating borrower's request or need.

APPLICANT MUST SUBMIT AN ORIGINAL AND FIVE (5) COPIES OF LOAN APPLICATION AND SUPPORTING DOCUMENTS.

Any application having incomplete information will not be reviewed by the Loan Committee. Other information may be requested by the Loan Committee during its review of the request.

Completed application packages shall be submitted to:

City of Woodstock Economic Development Department
Attn: WRLF
121 W. Calhoun Street
Woodstock, IL 60098

For more information or for assistance in filling out the application, contact:

Krista Coltrin, Economic Development Coordinator
(815) 338-3176
FAX: (815) 334-2267
E-mail: kcoltrin@woodstockil.gov

Every WRLF application is reviewed for completeness and then forwarded to the Revolving Loan Fund Committee. The Committee will review the loan application and make a recommendation to the City Council. The City Council makes the final decision regarding each WRLF application. The review process takes approximately six weeks and is on a first come, first served basis. All loans are contingent upon availability of funds. The City Council reserves the right to deny any application at any time.

WOODSTOCK REVOLVING LOAN FUND (WRLF) APPLICATION

Company Name: _____

Company Address: _____

Company Phone: _____

Contact Person: _____

E-Mail Address: _____

Company Ownership:

- Sole Pro-prietorship Partnership Private Corporation S Corporation Limited Liability Corporation (LLC)

<u>Name</u>	<u>Address</u>	<u>% Owned</u>
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_____	_____	_____
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Attorney Representing Company:

Telephone: _____

Address: _____

e-mail: _____

Accountant Representing Company:

Telephone: _____

Address: _____

e-mail: _____

WOODSTOCK REVOLVING LOAN FUND (WRLF) APPLICATION

1) **Provide a brief description of your proposed project** (use additional pages if necessary).

2) **Describe the purposes for which revolving loan funds are needed** (use additional pages if necessary).

Number of full-time jobs created by the project (within 18 months of completion)? _____

Amount of loan requested from WRLF? _____
(cannot exceed \$10,000 per full-time job created, up to a maximum of \$150,000)

Term of loan requested from WRLF? 3 years 5 years 7 years
(cannot exceed 5 years if loan is for working capital)

WOODSTOCK REVOLVING LOAN FUND (WRLF) APPLICATION

Source of Funding (use additional pages if necessary)

Please indicate the source(s) of funding for the entire project, as applicable.

Owner: _____ % \$ _____ Bank: _____ % \$ _____
WRLF: _____ % \$ _____ Other: _____ % \$ _____

PARTICIPATING BANK (If applicable): Please submit a fully documented letter of commitment from your lender.

Name of Bank: _____

Loan Officer: _____

Address: _____

City, State & Zip: _____

Telephone #: _____ Fax #: _____

E-mail: _____

Duration of Bank Loan: _____

Special Conditions: _____

Total Project Cost: \$ _____

Provide a summary of any collateral offered in guarantee of loan, including type of collateral, value of collateral and any liens or encumbrances against collateral (use additional pages if necessary):

WOODSTOCK REVOLVING LOAN FUND (WRLF) APPLICATION

I/we hereby certify that the information contained in the application and in all accompanying documentation attached hereto are true, to the best of my/our knowledge and are submitted for the purpose of obtaining financial assistance from the Woodstock Revolving Loan Fund. In conjunction with this request for assistance, I hereby agree to provide such business and financial information as may be required from time to time. The WRLF Committee has my/our permission to use this information as is necessary to assist my business needs and to make all inquiries deemed necessary to verify the accuracy of the statements made herein and to determine my/our credit worthiness.

Date: _____